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• FINANCE Ministers and Central Bank Governors from

the U.S., West Germany, Japan,

France and Britain held talks behind closed doors at Downing

Street. They were believed to

have covered interest rates,

Poland's economic problems and

regular monthly meeting of the Bank for -International Settle-

• GOVERNMENT economic

strategy has been strongly criticised by specialist advisers

to the all-party Commons Treasury and Civil Service

RETAIL PRICES Index.

expected this week, is likely to

CONSUMER confidence fell

shipply after the Budget, mainly because of pessimism over unemployment, says an FT survey. Page 4

BARCLAYS BANK has made

extensive disclosures in the

U.S. about lending losses and

deposits in connection with its

proposed public debt issue.

• SOVIET UNION ordered

550,000 tonnes of large diameter

OGEM, Dutch trading, indus-

trial and construction group;

ing and motor components con-cern, increased taxable profits

by £2.84m to £13.57m in 1980.

EMS APRIL 10 , 1981.

Divergence __

on European Monetary System exchange rates. The upper grid based on the weakest currency in the system, defines the crass rates from which no currency

except the lira) may move more then:

24, per cent. The lower chert gives each currency's divergence from its "central rate": against the European Currency Unit (ECU), itself a basket of European currencies.

BELGIUM'S franc remained

the weakest member of the

European Monetary System last

week, well outside its alarm

bell divergence limit. The com-

mitment of Belgium's new Prime Minister to avoid a de-

valuation gave the currency a temporary boost on Tuesday

The D-mark was again the strongest EMS currency, but

weakened against the dollar on

the firmer trend in U.S. interest

rates. On Friday Chase Man-hartan was the first U.S. bank

-to raise its prime rate to 171 per cent from the general level of

The French tranc and Dutch

guilder remained slightly below

the D-mark within the EMS

while the Italian hira was still around the middle of the sys

tem following its recent de-

Management: Spanish bank

under fire 8

and Wednesday.

17 per cent.

show a sharp rise. Back Page

Committee. Back Page

ments (BIS).

GENERAL

Poland **Bankers** criticised meet at by East **Downing** Street Germans

Poland's Communist Party was criticised for not taking vigorous steps against Solidarity hy East German Communist Party congress delegates. They said no one would be permitted to question the Communist system in East Germany.

Warsaw Politburo member
Kazimiez Barcleowski said the

the lMF's financing needs.

The Central Bank Governors are in Basle today for the

Polish party " is and will remain the leading force of the people and of the Socialist State." In the dispute between Solidarity leader Lech Walesa and the union's radical wing Walesa called for a union elec-tion to be held soon. Back Page

Windsor 'purge'

Labour MP Martin Flannery demanded a Government ex-planation of allegations by author Michael Paye that British files on the Duke of Windsor's wartime activities as Governor of the Bahamas had been purged to avoid royal embarrassment.

Consu er confidence fell sharply after the Budget, according to

Consumer doubts

the latest FT survey. Page 4 Rail pay offer

British Rail today makes a pay offer, ex pected 10 about 5-7 per cent, to its 180,000 employees who claimed a rise in line with Page 3 inflation. Page 5

Haughey appeals Ireland's Prime Minister Fi 118.5m (£22.8m), against a Charles Haughey appealed to loss of Fi 24m. Page 24 Charles Haughey appealed to Northern Ireland Loyalists to look on the process of moving . LAIRD CROUP, the metal the Ulster proofem "to a new industries transport engineerplain "-with hope not suspiction.
Page 2

Shostakovichflees Final dividend is 3.7p (3.4p)

Maxim Shostakevich, 42, Soviet conductor son of the late comconductor son of the late com-Dmitri Shostakovich. sought political asylum in W. Germany for himself and his son, 19, Bavarian police said.

Africa assurance

There was no question of a U.S. tilt towards South Africa in its dealings with Africa, presi-dential adviser Chester Crocker said in Salisbury. Page 2

Zimbabwe rival

Zimbabwe MP Andre Holland resigned from the Rhodesian Front and will launch his Democratic Party this week to represent whites.

Rugby Union tonic Schweppes Organisation nego-

tiated a further three-year sponsorship with Welsh Rugby Union: The competition will be known as the Schweppes Cup. Page 13

Peace talks

A U.S. Congressional delegation met King Khalid in Saudi Arabia in a bid to advance peace in the Middle East. Page 2

Briefly . . .

Mock air attacks on UK targets by Western air forces start today in a three-day test of de-

Jeddah's new airport was Death by stoning, for adultery, was the sentence on two Omanis

in Abu Dhabi. Glasgow expects an unofficial strike by 200 manual water

workers today. Italy took legal steps to try to avert Easter's strike by Alitalia

Sotheby's today sell the earliest (1326) marriage contract of any rince of Wales.

Threats of 24 peasants were cut oy gunmen, Guatamala police

Sudan reappointed an ambassalor to Egypt.

valuation. CONTENTS

Brixton riots: the police in Technology: Truck transhe thick of it 14 sions Poland: between East and West15

Instinian: Inland Revenue's iotable victory 12 Editorial comment: ombard: Lord Keynes on Brixton; Thatcher's two nvestment 12 years

nan's Dry.

..... 14

PROSPECTUS Royal Bk. Canada

For latest Share Index phone 01-246 8026

Stone throwing began in Brixton, South London, again last night shortly after a visit by Mr. William White-law, the Home Secretary. Brixton had been quiet but tense for most of yesterday

foliowing Saturday night's sixhour riot in which shops and pubs were burnt and looted. Mr. Whitelaw had returned from Cumbria for urgent talks with senior Home Office officials and Sir Robert McNee, the Metropolitan police commissioner.

Mr. Whitelaw and Sir Robert visited Brixton in the late afternoon and Mr. White-law praised police handling of the riot. He denied there had been provocatively high police presence on Saturday. The policing must coptime, and that is the responsibility of the commissioner and his commanders on the spot," said Mr. Whitelaw. "They must have a police presence which they deem in their

statement in the Commons today and face calls for a public inquiry.

Mr. Whitelaw will make a

judgment to be reasonable."

Yesterday the police still believed that agitators from outside the area may bave heen involved in the riot. This was denied by local people and some community leaders,

many of whom blamed the very strong police presence on the streets prior to the riot as being provocative in an area where there is con-siderable tension between

As a result of Saturday a church were also damaged

On Saturday the atmosphere in Brixton during the day was widely described as being very tense before the riot started in the early evening. During the evening 110 police were injured in the rioting, 20 were detained in hospital

Firemen trying to put out the burning shops were also attacked by stone-throwing youths; 12 were hurt, one seriously.

night's riot at least 20 shops were seriously damaged by fire including Woolworths and Currys. Two pubs and

the black community and the by fire. Many more shops had their windows broken

and were looted. At the height of the riot there were 1,000 police on the streets and nearly as many youths. The youths were predominantly black but a number of whites were involved. It is generally seen as an anti-police riot rather than a race riot. Although there are several and two are seriously injured. There were 18 civilian

in the area over the past week the situation escalated on Continued on Back Page Editorial comment. Page 14

Police in the thick of it, Page 14 Mr. Whitelaw with Sir

Robert McNee in Brixton yesterday.



U.S. back in space race

BY DAVID LASCELLES AT CAPE CANAVERAL

time in six years after the space shuttle made a perfect lift-off President Ronald Reagan said: at its second launch attempt. The astronauts John Young and Bob Crippen were reported surge of pride that comes from in excellent condition, perform- knowing we are the first and ing various tasks aboard the we are the best.'
Orbiter.

The only possible source of trouble was the loss during launch of about 15 protective ceramic tiles round the tail assembly.

National Aeronautics and Space Administration officials said the tiles had not exposed steel pipes from Mannesmann and Thyssen of West Germany. a critical area, and they were confident the rest of the tiles, which take the brunt of the searing heat generated on reentry into the earth's atmosphere, were intact.

With earlier computer problems straightened out, -the launch took place dead on time ai 7 am locai time.

Giving a crackling, thunderous roar that shook the ground for miles around, the ungainly looking buildle of Orbiter, fuel tank and rocket motors, blasted off into a brilliant blue sky, leaving a thick white plume behind it.

thousands of VIPs, technicians, tourists, and Pressmen who crammed the observation areas, beaches and roads surrounding the space centre. Many had camped out all night.

the U.S. was once again assert- mission.

AMERICANS were back in ing its technological excellence space last night for the first before the eyes of the world. In a message to the astronauts "We all feel as giants once again. Once again we feel the

> Mr. George Page, NASA's director of shuttle operations, proclaimed himself thrilled with the launch's success, adding: " I think the Russians would be real happy to have something

> like we have today."
>
> Ironically the last manned launch from Cape Canaveral was in July 1975 when Apollo astronauts linked up with Soviet cosmonauts. The Russians are believed here to be only at the early stages of a shuttle programme, with actual flight possibly ten years away.

But apart from reasserting the U.S. lead in space with a re-usable craft, yesterday's launch was of great political importance to NASA, which faces the Reagan Budget axe and is fighting for money to fund more shuttle launches after the four already financed. Several Congressmen and other prominent political figures were present at the launch came from the hundreds of among them Governor Jerry Brown of California, where the Orbiter will land tomorrow. He described his views on space exploration as "very positive," A failed launch would have

damaged both U.S. self-esteem The euphoria stemmed as and NASA's future. The country much from relief that there was is holding its breath hoping for no new hitch as from joy that a successful completion of the

The main engines of Columbia (right) belch flame and smoke as the space shuttle makes a flawless lift-off from the launch pad at Cap Canaveral



Surge of optimism among leading company chairmen

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SUDDEN optimism among the performance of the Stock has become evident in the past Actuaries All Share Index now

Instead of despairing about the impact of the recession and ing of quite dramatic improveof improved profitability when local settlements. the economy improves.

This optimism is most the recession to reduce waste contrasts sharply with reports profitability. from large and small companies in the regions where the winter's gloom has not lifted. It is not supported by data obtained by the Confederation of British Industry.

These strongly contrasting gained.

Sir Terepre has the difficult views will pose problems for the CBI's council when it stages.

Sir Terepre has the difficult jeb of trying to keep the prostate CBI's council when it stages. its monthly review of the pany chairmen—especially those economic situation on Wednes-close to the Conservative Party

both reflected and helped by a mood of optimism.

leading company chairman Market which has risen sharply about future business prospects since the Budget. The FT stands at an all time high. Company chairmen are talk-

the recent Budget, there are ments in productivity in their reports of rapidly improving companies of 15 to 20 per cent productivity, slightly increasing or more, with wage rises often order books and the prospect kept to less than 6 per cent in They insist that, having used

strongly voiced by London-based company chairmen. It set for marked increases in With order books slightly improving, they can see their way out of the recession, provid-

ing no major problems emerge. to keep the advances they have

close to the Conservative Party ay. —may be issuing these bullish
The optimistic trend is being reports to help Ministers create

There is also a suspicion that company chairmen are talking more optimistically to journalists and the City than when they meet civil servants or assemble in the CBI's more private inner committees. On Wednesday, CBI leaders

will have to cope with the fact that the optimism runs counter to the cries of anguish it issued after the Budget. Sir Terence Beckett, directorgeneral of the CBI, repeated in

a statement issued this morning his official view that the Budget was a "disappointment to industry."

In a message to members marking the end of his first six months at the CBI, he also said: 'I would be misleading you if They say they are determined I suggested that the worst is now behind us.

both energy costs and the national insurance surcharge. level of interest rates.

Editorial Comment, Page 14

Heffer joins 'stop Benn' campaigners

BY ELINOR GOODMAN

THE SPLIT in Labour Left wing MPs belonging to Labour's Industry Minister, is expected may widen today as moves are made to isolate Mr. Tony Benn. Mr. Eric Heffer, once Mr. Benn's chief ally on Labour's National Executive, will today publicly join the campaign to leadership of the Party.

creasingly open over the past few months, has written to all

Tribune Group arguing that a contested election would be against the interests of the Labour Party as a whole and the Left in particular.

Mr. Heffer's letter was sent stop him from challenging Mr. on the eve of today's meeting Denis Healey for the deputy of the Tribune Group when Mr. of the Tribune Group when Mr. Benn will come under pressure Mr. Heffer, whose irritation not to stand from MPs in the with Mr. Benn has been in mainstream of left-wing opinion at Westminster.

Mr. Stan Orme, the shadow

to lead the debate, backed by shadow Cahinet. Mr. Benn seems unlikely to

stand down. Mr. Healey yesterday launched counter-attack on Mr. Benn's challenge at a regional Labour Party rally.

' authoritarian within the party of acting as "Mrs. Thatcher's secret weapon."

Clearing bank staff to strike

centres in the week after the action could include 7-8,000 of Easter weekend—as part of a the union's members. second stage of disruption by the Banking, Insurance and

Finance Union over pay.

This will be followed by a clerical and managerial members in the clearers who will be urged to back a third stage of action against the banks, 10 per cent offer.

They will be given the option on the ballet forms of voting to accept the offer.

The union's executive yesterday sanctioned the action over the 10 per cent which has been accepted by the rival non-TUC Clearing Bank Union and which the employers will implement next month. The union has already carried

THE ENGLISH clearing banks out a first stage of action in-will be hit by industrial action volving a 24-hour strike in —starting with a one-day strike. Lloyds and Barclays computer in selected branches and cash centres. The second phase of

The stoppage—the date which will be announced on Finance Union over pay. Wednesday—will be followed This will be followed by a immediately by a work to rule ballot of the union's 72,000 and overtime ban in a number of areas including Merseyside, Yorkshire, the Midlands and London's West End.

And there will be a series of staggered stoppages by about 800 of the union's 1,200 mem-bers at the Joint Credit Card Company, which controls the banks' Access operations.

Certain key groups of non-clerical workers are or will be balloted separately and might be brought in to either the phase two or the proposed phase three action. Data processing staff in some

of the banks, including the Midland, are being balloted and engineers nationally have been asked which of their groups wish to be balloted on action.

The banks have been mounting a strong defence of their refusal to pay an extra 1.5 to 2 per cent which would have settled the dispute. They have also refused to increase the holiday improvements incorporated in the CBU agreement.

The employers aim to try to ride out the action and have threatened to shut down the banking system if they consider it is necessary.

Mr. Leif Mills, BIFU general secretary, said the banks had been trying to brainwash staff He said that in Midland, and Williams and Glyn's, which do not recognise the CBU, the rights of BIFU to negotiate for its members was an issue.

Disruption threat to airports

BY PAULINE CLARK

AIRPORTS throughout the and air ports over Easter. country are likely to come under renewed threat of major disruption from next week. There are plans to involve air traffic control staff in the national industrial action campaign by civil service unions.

The Civil and Public Services Association said yesterday that first indications from a ballot among air traffic control assistants had shown a "two or three-to-one " vote in favour of industrial action by the group. The action could lead to air-

port closures and serious disruption to flight schedules for the second time since civil servants started their campaign of action over pay six weeks ago. It would follow disruptive action including strikes planned to take place in sea travellers. nearly all Britain's major sea

Civil service unions representing senior air traffic control officers and engineers are also consulting their members on plans for action after Easter. Early last month air traffic controllers joined a one-day national stoppage by all nine Civil Service unions which led to the cancellation of all flights in and out of 20 airports where the Civil Aviation Authority provides traffic control cover.

The industrial action campaign elsewhere is expected to hit the public significantly for the first time from tomorrow when Customs and immigration officers plan a series of lightning strikes, work-to-rules and goslows, which it is estimated could lead to delays of up to lightning nine hours for 500,000 air and Meanwhile a major clash

between government and the unions is threatened today when the Polaris nuclear submarine HMS Resolution is expected to arrive back at its base on the Clyde. Civil Service strikers have warned that they are not prepared to service the submarine and unions say they will take widespread protest action if any attempt is made to bring in the Navy to do the work. The civil servants' campaign was due to extend to the Hawklaw government signals

on strike. This will be the fifth signals station to be hit by tion in the current dispute. Philip Bassett writes: Staff of. the Society of Civil and Public Servants, one of the nine unions fighting a campaign against the

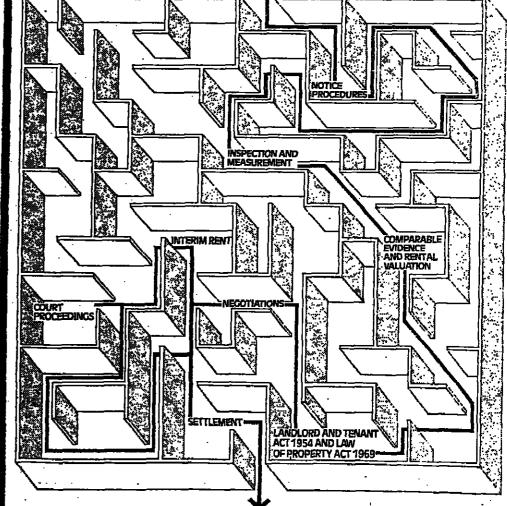
Continued on Back Page.

monitoring station at Cupar in

East Scotland last night where

150 staff have been called out

A guide through the complex world of Lease Renewal



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Thousands go to | Mao Tsetung 'committed errors' in later years French election campaign rallies

THE 'TWO WEEKS' official opened at the week-end with giant railies staged by the formerly the country's two of France's competitive posi-most powerful political movements, whose candidates are At the other end of the trailing in third and fourth country, M. Georges Marchais, position in the opinion polls.

sports stadium in Paris for their candidate, the city's mayor, M. Jacques Chirac.

As many Parisians left town for the Easter holidays, 17 for the Easter holidays, 17 Without Communist Ministers special trains and hundreds of coaches brought supporters to would hold power and change the stadium for an exhibition would be impossible.
of band music, dance, and M. Marchais gets pole-posirhetoric. The candidate's name. tion in the series of party in huge capitals, covered the political broadcasts which start

M. Chirac, who has under- allotted five minutes each in a taken an extraordinarily energetic campaign in an apparently hopeless bid to catch up with

President Giscard was offering campaigning period for the the "illusions of continuity" French Presidential election when the maintenance of opened at the week-end with current policies would bring giant railies staged by the industrial decline, higher un-Gaullisis and the Communists, employment, and a weakening

the Communist, assembled a The Gaullists achieved a major feat by almost filling the 52,000-seat Pare des Princes reprinces to the Marseilles cycle stadium to hear him plead for a Carnette to the major feat by the major feat to the major feat by the major feat to the major feat by the major role in government alongside the Socialists.

He called for "a clear, solid and durable union of the left."

tonight with all 10 candidates

continuous broadcast. which henceforth ban paid pubthe leading candidates, dis-missed his opponents as "pedlars candidates on an equal footing, of illusions." M. Francois each contestant is to be limited Mitterrand, the Socialist, pro- to a total of one hour and ten mised to lead France into minutes' broadcasting time economic bankruptcy and poli-tical adventurism, he said.

under protest from the voluble M. Marchais.

Parti Quebecois ahead in opinion polls

BY ROBERT GIBBENS IN MONTREAL

QUEBECERS DECIDE today Last month the Liberals were Premier

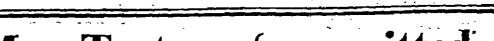
Latest polls confirm that the Parti Quebecois has a clear lead with 45 per cent or more of the vote, against 37 per cent for the the Union Nationale and 14 per cent undecided. These figures are given by a poll carried out for the Montreal Gazette and Le Soleil of Quebec City.

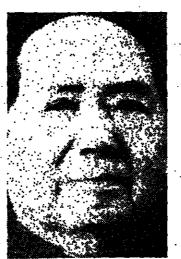
Most observers see a narrow victory possible for either side. number of seats to 122.

Rene fairly confident after winning Levesque is to receive another 11 by-elections. They fielded a four-year mandate with his slate of mostly new and young Quebecois, or whether candidates who have been work-

paign and the Parti Quebecois has gained from his personal charisma and his constant in the shadow of the federal Liberals under Prime Minister Pierre Trudeau.

Standings in the Assembly at dissolution: Parti Quebecois 67, Liberals 34, Union Nationale 5, Independents 2, and vacant 2. Redistribution has raised the





yesterday the first detailed official reassessment of the late Chairman Mao Tsetung, saying he made serious mistakes because he was out of touch with his people in his declining years. But the assessment by a

leading army general, which was printed on the front pages of all national newspapers, stressed that Mao's achievements were primary General Huang Kecheng

communist Party's Discipline Commission, said the basic principles of Mao Tsetung thought would remain China's guiding philosophy as Con-fucianism had been in the

Chairman Mao had been the principal founder of the

People's Republic set up in 1949, but had made errors in the period from the late 1950s until his death in 1976, the article said. Diplomatic analysts said the article, adapted from a confidential speech by General Huang last November, appeared to formalise views on Mao expressed by Deng Xiaoping, the Party's Vice-Chairman to foreign visitors last summer.

The analysts said its publication appeared to prepare the way for the conveying of a long-overdue full session of the party central committee expected soon. They said the prominence given to the article indicated that it represents scuted a consensus in the party's ruling polithure and not just the personal views of It would probably form the

basis of a formal reassessment of Mao to be ratified at the central committee plenum. That meeting is also expected to remove Mao's chosen successor Hua Guoleng from the chairmanship and replace him with party general secretary Hu Yaobang, a close ally of Mr. Deng. In his later years, Chair-

man Mao became imprudent," Gen. Huang said in his article "He had little direct contact with day-to-day life or with the masses and was lacking in democratic style. That is why he made mistakes, and the whole party ought to draw

The general said Mae had committed two main errors. After the establishment of the socialist system of state ownership in the 1950s he became impatient and failed to construction.

Secondly, he had handled disputes within the party as if they were conflicts with an enemy and had exaggerated the scope of the Marxist concept of struggle between classes. This had allowed "bat clements" to dupe him and had resulted in the catastrophic ten-year Cultural Revolution from 1966 until his death, he added.

The general attacked those who wished to go further in their reassessment of Mao and blacken his memory. This appeared to represent a re-cent compromise by the party moderates, leg by Mr. Deng with the Maoist conservatives in the leadership.





Deng Xiaoping

U.S. 'is not shifting towards Pretoria'

BY OUR SALISBURY CORRESPONDENT

DR. CHESTER CROCKER, one yesterday resigned from the President Reagan's senior advisers on African affairs, yeslerday denied that the U.S. was preparing to shift its African policy in favour of Mr. P. W. Botha's Government in South

Speaking on arrival at Salisbury airport as part of his 10-country tour of the continent, Dr. Crocker said his task was to explore "the threads of the Namibia negotiations" to see what role the U.S. and its allies could play in securing an advance towards an internationally acceptable settlement in southern Africa.

Dr. Crocker said "there is no question of a tilt towards or endorsement of apartheid" by the Reagan Administration. He is due to discuss Namibia and other African topics today with Mr. Robert Mugabe, the Zimbahwe Prime Minister, who has Claude Ryan's Liberals will ing hard at constituency level. himself criticised apparent have a chance to rule the Premier Levesque, however, shifts in U.S. policy towards province. South Africa and warned President Reagan against support of the Unita rebels in Angola.

But Dr. Crocker firmly denied attacks on the Liberals as being that the U.S. had taken any decision on assistance to Unita and said that he had not come to Zimbahwe to discuss the question.

Meanwhile, a prominent member of Mr. Ian Smith's opposition Rhodesian Front party, which controls all 20

World Banking

Basle, 14 & 15 May 1981

arranged by the Financial Times, the Banker and

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Investors Chronicle will be held in Switzerland

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Vice President

party and gave up his seat in Parliament in protest against the party's "negative" political tactics.

Mr. Andre Holland, who has had the reputation of being a Senator Howard Baker, the Right-winger, said in his letter | Senate Majority Leader, arrived of resignation that he believed Zimbabwe wished to see a "positive forceful lead" from

Oil slick hope

MARITIME officials and salvage experts landed by helicopter yesterday on the stricken oil tanker Energy Endurance, crippled by a freak wave off the South African coast, in a bid to minimise the pollution danger from leaking oil, Quentin Peel reports from Johannesbur.

The tanker, owned by Golden Peak Maritime of Hong Kong, part of the C. Y. Tung empire, was hit by the wave on Thursday, and is trailing a 70-mile slick of bunker fuel.

within the country in the direction of co-operation with the ruling party

The Rhodesian Front party had "fallen into disrepute" and a new white party was needed, he said. He has resigned to leave himself free to form a which controls all 20 new party that better reflected seats in Parliament, white aspirations

Senators in Saudi arms talks

delegation yesterday met King Khaled, the Saudi monarch, in an effort to continue the U.S. search for peace in the Middle East. The delegation, led by in Jeddah 72 hours after the departure of Mr. Alexander

Haig, the U.S. Secretary of State. Senator Baker said yesterday he was discussing with King Khaled and others the armaments package agreed by Mr. Haig and Saudi officials last week. In particular, the nine U.S. senators visiting Saudi Arabia were concerned about the sale of \$1bn-worth of sophisticated reconnaissance aircraft including the AWACS

airborne radar system.
The Haig talks last week aiready have.

tions about some aspects of Mr. Haig's weapons package for Saudi Arabia and said the U.S. Senate would soon consider the "shape and form of the package." He admitted that the pro-Israel lobby in Washington was strongly opposed to the deal and could not be certain that enough votes were vet available to approve the Reagan Administration's proposals.

ably disposed" to the sale of more armaments to Saudi rabia. This arms package was to be viewed as one part of the Reagan Administration's policy of ensuring stability in the Middle East

on Friday that the resolution of the Palestinian question was of paramount importance, he was more concerned about Soviet The Russians are interested

broader than just the Palesti-The delegation is to leave to-day for Israel and Egypt where it will seek to "rejuvenate and

drawal of the Syrian Army 22 per cent increase. cent. This compares with from Lebanon, according to The East German leader noted planned growth in the past five Israeli Foreign Ministry officials, that in order to achieve the years of 21.4 per cent and actual drawal of the Syrian Army

AN AMERICAN Congressional

brought agreement in principle on AWACS aircraft as well as additional devices to enhance the capability of U.S. F-15 fighter jets which the Saudis

Mr. Baker expressed reserva-

But Mr. Baker was "favour-

The senator stressed that while he understood the view expressed by Lord Carrington the British Foreign Secretary,

in warm water ports and warm oil," explained Mr. Baker. For this reason, "the issue is much

accelerate" the peace process the Camp David accords.

Lebanon plan backed

Haughey defends economic polic BY STEWART DALBY IN DUBLIN MR CHARLES HAUGHEY, the ployment, cause grave hardship looking at "the totality of Irish Prime Minister, has to low-income families, provoke relationships between

policy of not deflating the economy, to combat a rising balance of payments deficit on current account and said that he has succeeded in moving Anglo-Irish relations to a new

preted as a pre-election address and unacceptable." to the annual conference of his ruling Fianna Fall party at the All Governments throughout Europe face the same harsh account was becoming too large economic realities, of inflation, to be covered by invisible unemployment and high exports. This year, it has been external deficits. One way to predicted to reach I£1.3bn react to these difficulties, which some have adopted, is to impose On Northern Ireland. Mr. it is thought the the policy of deflation . . . such Haughey said that the British might be prepared a policy would increase unemainted and Irish governments had been earlier election.

defended his Government's social and industrial unrest and people of these islands,"
set back the economic and social appealed to loyalists advancement of society for He went on to say that he felt but rather with hope for

the has succeeded in moving that policies of deflation may possibilities it can offer.

Anglo-Irish relations to a new plane.

In a speech widely intersection of the policies of deflation may possibilities it can offer. Although no mention made of a general element of the policies of deflation may possibilities it can offer. Although no mention made of a general element of the policies of deflation may possibilities it can offer. Although no mention made of a general element of the policies of deflation may possibilities it can offer. Although no mention may possibilities it can offer. Although no mention made of a general element of the policies of deflation may possibilities it can offer. Although no mention made of a general element of the policies of deflation may possibilities it can offer.

Many economists urged the cconomy because the balance of payments deficit on current (£1bn).

Haughey said that the British might be prepared to have

Northern Ireland to look

made of a general elec many delegates seemed to that Mr. Haughey was prepa May or June. Constitution he does not have to hold election before the middle

However, with prospects summer and with public sp ing continuing to rise stee On Northern Ireland. Mr. it is thought that Mr. Haus

Move to reopen Iran's colleges

BY TERRY POVEY IN TEHRAN

AYATOLLAH KHOMEINI, Universities were closed in will be functioning again by Iran's revolutionary leader, yes. June last year following severe. September when the academic severe is a severe september when the academic severe is a severe severe. terday urged the reopening of clashes between largely leftist year begins, the country's universities, and students and Moslem funda. Meanwhile said that non-Moslem staff mentalists that resulted in published or could be employed under cer- several dozen deaths. The Cultain conditions. Following a tural Revolution. Committee meeting with the Ayatollah, was set up at that time to purge members of the Cultural Revo- the staff and to Islamicise the lution Committee said he had curricular. urged that university teachers should be experts and, pro- Bani Sadr's association with the vided they were not against closure of the universities and the movement, could be em- the staff of the Cultural Revo- ing of a bank account ployed whether or not they were lution Campaign has been the which donations towards

Moslems." This action by Ayatollah his mainly moderate supporters, be paid. This follows a Pa Khomeini hearten moderates in Iran, including expect rapid progress towards cut all expenditure on President Abolhassan Bani Sadr, a general reopening of the uni- President's office in the stor who have been arguing for the versities in the next few budget agreed for the next reponing for some time.

Ever since these events, Mr.

subject of much criticism among maintenance of his office of Academics in Tehran do not

Meanwhile, in an inter-published on Sunday, Presi Bani Sadr has called the re "an illegal act" which co tuted a "serious blow to dom within the country. discrediting each other,

months, but hope most colleges months.

East Germany plans high growt

BY LESLIE COLITT IN BERLIN

plan which was unveiled by Germany's leaders have done, President Erich Honecker at the he noted that only if the popula-East German Communist Party

Congress. expect a higher standard of The targets are for between living. 28 and 30 per cent growth in national income, roughly equiva- duction is also to increase by

that instead of the 28 per cent growth in national income planned for the five-year period Israel is likely to support the proposal for the despatch of uN force to northern Lebanon West German economists, howif this brings about the with- ever, have calculated only a

Daniel writes from Tel Aviv. goals for 1985, an increase in growth of 19.8 per cent accord-

EAST GERMANY plans one of labour productivity is needed the highest growth rates in "the like of which we have Europe for the current five-year never known before." As West Germany's leaders have done.

tion increases its efforts can it

East German industrial prolent to gross national product, by 1985.

Herr Honecker also revealed

28 to 30 per cent after achieving a 32 per cent increase in the past five-year plan, according to a 32 per cent increase in the Honecker did not say any past five-year plan, according to about the lower target Herr Honecker. The West Ger- noted critically that East man economists said that production grew by 28 per cent between 1975 and 1980. East Germany's President said the target figure for wage growth to 1985 is between 21 and 23 per

.The Party Congress was that the average monthly was 1,030 marks last year nrdinary expressed cism about thes statistics

East German foreign to to growth by 36 per cent between 1975 and 1980. Honecker did not say any were only "marginally able," and that such "cannot be sustained."

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Deutsche Bank Aktiengesellschaft Kuwait International Investment Co. s.a.k. Morgan Stanley International Swiss Bank Corporation International Limited

April, 1981

Société Générale

Daiwa Europe N.V.

TWA shows

interest in

Boeing 727

By Michael Donne,

replacement

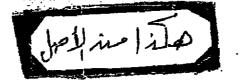
Aerospace Correspondent

TRANS-WORLD AIRLINES of

airline to show interest in

the long-term possibility of acquiring a new generation of

150-seat short-range jet air-



Belgium to pay more for Algerian LNG deliveries

BY MARTIN DICKSON AND FRANCIS GHILES

opment in Algeria's lengthy pricing wrangle with its gas

oil price rises and is believed to from 1986. a the highest yet agreed for algerian LNG. But it is sufficiently close to the prevailing rate not to have caused raised eyebrows in the oil industry. Algeria has been trying for received at the Montoire de about a year to raise LNG prices Bretagne terminal, near the to parity with its crude oil. French port of St. Nazaire, for originally demanding \$6.11 per the first three years of the million BTU. But none of the agreement and piped from there deals it has reached since then to Belgium.

mick

S CO

Japan

W. Germany

have come near that figure. The agreement with the long-term pricing agreements The Americans were understood Belgian utility, Distrigas, is for for LNG with some major to have been offering \$4 a price of \$4.80 fob with an European customers, notably million BTU.

BELGIUM has agreed on a price indexation system based 50 per France and West Germany. It of \$4.80 per im British thermal cent on the value of a basket is also involved in difficult units for long-term supplies of of oils imported to Belgium and negotiations with Italy over the liquefied natural gas (LNG) 50 per cent on the value of from Algeria—a deal which crude exported by LNG-marks a significant new devel-

The contract runs for 20 years starting in 1982 at a rate of 2.5bn cubic metres a year The sum is indexed to crude and rising to 5bn cubic metres

> The Belgian terminal to receive the gas will not be completed until 1985. Under an agreement with Gaz de France, the LNG will be

Algeria has yet to negotiate

price for gas to be transmitted pipeline, due to be tested later this year.

France is currently paying \$3.75 a million BTU for its Algerian LNG supplies — a figure expected to rise to \$4.20

British Gas agreed carlier this year to pay around \$4.60 a million BTU for the small quantities of Algerian LNG it will receive in the first six months of this year.

But negotiations for a major contract renewal between the Algerians and El Paso in the U.S. broke down when the two sides could not agree on a price.

Russia to buy W. German pipes

BY KEVIN DONE IN FRANKFURT

awarded a substantial pipes con- the latest order in a series of tract to Mannesmann and large diameter pipe contracts Thyssen, the West German steel that the USSR has placed with and engineering groups.

The order will involve the period Mannesmann has taken delivery of 550,000 tonnes of Soviet orders for a total of large diameter steel pipes to some 7m tonnes of steel pipes. the USSR during the rest of This order has no connection 1981 and early 1982 with the with the pipeline contract contract terminating next March. Mannesmann is bidding for The latest pipes order re- separately in the USSR as part places the last contract held by of the Soviet plans to build a the two groups for the delivery new 5000 km natural gas trunk-700,000 tonnes which runs line to Western Europe.

The pipes will be manufac- that it has also signed a con-

World Economic Indicators

Feb. '81 jan, '81 Dec. '80 Feb. '80 147.0 144.8 144.0 147.5 jan. '81 Dec. '80 Nov. '89 jan. '80 101.0 101.8 102.6 114.7 151.8 150.9 149.2 152.7 Dec. '80 Nov. '80 Oct. '80 Dec. '79 314.1 118.3 116.6 124.8 107.4 115.8 113.7 120.6

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115.6

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SOVIET Union has tured by Mannesmann and form tract with the Soviet Union for the construction of four petrowith a total worth of DM 155m (£34m) Mannesmann since 1970. In this The plants are for the pro-

duction of electrodes for use in the aluminium and steel in-This order has no connection dustries, and the separate Mannesmann contract covers engineering. procurement, supply and supervision of construction and commissioning.

1975=100

1967 = 100

1975=100

SHIPPING REPORT

Change over

-17.0 -1.7

118.8

Source (except U.S.A. and Japan): Eurostat

127.6

Bulk rates expected to weaken

By Our Shipping Correspondent DRY BULK carrier rates are likely to weaken over the next 12 months and not start recovering until spring, 1982, according to the latest world trade report by Lambert Brothers, the London shipbrokers.

omic growth in OECD countries will be 1.4 per cent in 1981 which will be accompanied by a 1.5 per cent to 2 per cent growth in world trade. By contrast it is looking for a 5 per

The world bulk carrier fleet is expected to increase by more than 10 per cent over the next year and, given the depressed outlook for world trade, time charter rates are likely to weaken according to the Lamberts' analysis.

So far congestion at America's coal loading ports, plus the Panama Canal and the River Plate grain terminals, has absorbed the surplus tonnage and helped underpin rates. Lamberts says that the "biggest threat" to the stability of the freight markets is the possible release of the 150 ships awaiting coal off America's East

Lambert Brothers has also analysed activity in the sale and purchase market. Over the last 12 months prices of fiveyear-old, very large crude car-riers have fallen by 46 per cent to \$15m while prices of 35,000 dead weight tonne bulk carriers have risen by a third to

China is estimated to have hought 2.3m dwt of secondhand tonnage for \$770m last year bringing its total purchases over the last three years to \$1.4bn. totalling 5.44m dwt. During this period it has increased the size of its shipping fleet by an estimated 80 per cent. No other major country can boast any where near as major expansion of its shipping fleet.

Redemption Notice

City of Oslo (Norway)

9% Sinking Fund External Loan Bonds due May 1, 1985

NOTICE IS HEREBY GIVEN, pursuant to Fiscal Agency Agreement dated as of May 1, 1970 under which the above described Bonds were issued, that Citihank, N.A., Fiscal Agent, has selected by lot for redemption on May 1, 1981 through the operation of the Sinking Fund, \$370,000 principal amount of said Bonds at the Sinking Fund redemption price of 100% of the principal amount thereof, together with actived interest to the date fixed for redemption. The sarial numbers of the Bonds when the principal amount thereof, together with actived interest to the date fixed for redemption. ected by lot for redemption are as follows:

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30		1492	2835	4228	6262	8496	9465	10989	12412	12958	16091	16904	.17153	17410	17756	18268	18610	
741	ž	1510	2870	4230	6420	8729	3477	11001	12429	12973	16100	16912	17362	17413	17784	18273	18624	٠.
	771	1789	2931	4647	6438	8812		11044	12449	13045	16166	16931	17171	17424	17796	18323	18647	
	115	1802	2934	. 468O	6471	8885.		11193	12509	13069	16159	16967	17177	17428	17812	18378	18557	,
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	428	2009	3305	4918	6734	9039	9770	11438	12625	13749	16868	17008	27204	17492	17829	18373	18673	
	431	2055	3335	4927	6853	9097	9890	11543	12642	13834	16374	17011	17317	17612	17835	18397	10000	
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3	038	2477	3752	5546	7354	9137	10099	12162	12805	1 1464	16531	17073	17337	17613	17940	18201	70 10.F	
1	OBI	2494	3767	55 BD	7359	9202	10361	12200	12817	14467	26587	17077	17354	17619	17949	10016	10115	
																		•
	177	2800	4069	6166	2020	9464	10986	12374	12953	15992	16398	17123	17405	17761	18261	18595		

On May 1, 1981 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts thereon, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the Corporate Trust Office of Citibank, N.A., Municipal Bond Processing Window, 20 Exchange Place, 16th Floor, New York, N.Y. 10043 and subject to applicable laws and regulations, at the main offices of Citibank, N.A., in Amsterdam, Brussels, Frankfurt (Main), London, Milan and Paris. Payment at the offices of Citibank, N.A. in Europe referred to above will be made by check drawn upon a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

On and after the date fixed for redemption interest on said Bonds will case to accrue. Coupons due May 1, 1982 should be detached from the Bonds and presented for payment in the usual manner.

due May 1, 1982 should be detached from the Bonds and presented for payment in the usual manner. For the CITY OF OSLO (NORWAY)

CITIBANK, N.A. as Fiscal Agent

Poor nation talks get off to slow start

By Paul Cheeseright

NINE of the poorest countries in the Asia-Pacific region have finished the presentation of their development plans to potential aid donors for the next decade at a meeting in Vienna.

The meeting was the first of a series leading to a major UN conference in Paris where it is hoped agreement will be reached on a quadrupling of aid during the 1980s to the 30 poorest nations in the

These further meetings are designed to permit the procest countries of East Africa, West and Central Africa, and Southern Africa, with the addition of Haiti and Somalia to affer their development plans for review. Delegates attending the Vienna meeting noted the absence of Eastern bloc

countries, although China was present. The only inkling of any increase in aid commitments came from China and from Kuwait. Many of the governments

represented, even those tak-ing the matter seriously from the Western industrialised world, did not send ald specialists.

The process is a response to a resolution passed by the UN Conference on Trade and Development (UNCTAD) at a Manila meeting in 1979. This called for action during the 1980s to rectify the structural difficulties of the world's poorest countries.

as the meeting unfolded it became apparent that the detailed preparation for the Paris conference had made a limp start which, if repeated at further meetings in Addis Ababa, The Hague and Geneva, will almost certainly mean the failure of the major Paris conference.

BL pins hopes on Mini Metro to double its Italy car sales

BY JAMES BUXTON IN ROME

overseas market for the new car,

end with elegant cutertaintment in the Tuscan city of Siena and a test drive of the car through the Chianti wine-producing country, stopping off at a castleto sample the wine.

The new car does not go on sale in Italy until June 6, but advance interest has been strong

BY ALAN FRIEDMAN IN JEDDAH

esterday inaugurated one of

the world's largest international

airports at a site 15 miles north

of three airports being con-structed by the Ministry of Defence and Aviation, is said

to have cost SR 17bn (£2.3bn)

KING KHALED of Saudi Arabia and others.

The new King Abdul Aziz tion group. Hochtief's share of

International Airport, the first the business is estimated to be

and has been built by 70 com-panies from the U.S., West According to Jeddah-based

Germany, Japan, Italy, the UK, contractors, the total value of Mecca.

BL is looking to the new Mini. 18.000 cars this year. For next Metro to double its car sales year, sales of 40,000 are proin Italy this year. It regards jected, according to Sig. Sergio
Italy as potentially the biggest Mia, the head of the local when car sales in Italy are

company. with France coming next.

The Metro was introduced to the Italian Press at the week-Clubman Estate and the Allegro the best-selling types. The Mini itself is made in an Italian version by the Italian company,

Khaled opens new Jeddah airport

The main contractor respon-

over the past seven years is years. Hochtief, the German construc-

sible for supervising the project

the total contract. In addition,

the Government of Saudi Arabia

has awarded Hochtief a five-year

Sales of Leyland cars in-ereased 53 per cent in 1980 compared with 1979, which the company says is partly due to resumed confidence of the 120and Leyland Italy hopes to sell strong dealer network in the currency position.

when car sales in Italy are

slowing. But it is the only new car in the small car section of the market, which in Italy is particularly big, making up 40 per cent of all sales. If the Metro were to achieve 40,000 sales in 1982, it would

take 6 per cent of the projected Italian small car market. The price of the Metro in Italy will not be disclosed until shortly before it goes on sale, to take account of the latest

the new airport project is ex-

pected to increase to about

S.R. 20bn within the next few

covers 40.5 square miles and is about twice the size of Man-

Jeddah have emphasised the

importance for the new Haj

Terminal, which is to be used

exclusively for the processing

of pilgrims to the holy city of

The

between half and two-thirds of hattan Island. Saudi officials in

liners, to replace ageing Boeing 727s. Other airlines which have expressed interest in such a new airliner in recent weeks include American, Delta, Eastern and United in the U.S., and Air France in

Western Europe. TWA stresses, however that, at this stage, it is solely "interested" and is not prethat its aircraft procurement policy for the future is likely to be one of "extreme caution" because of the high costs of

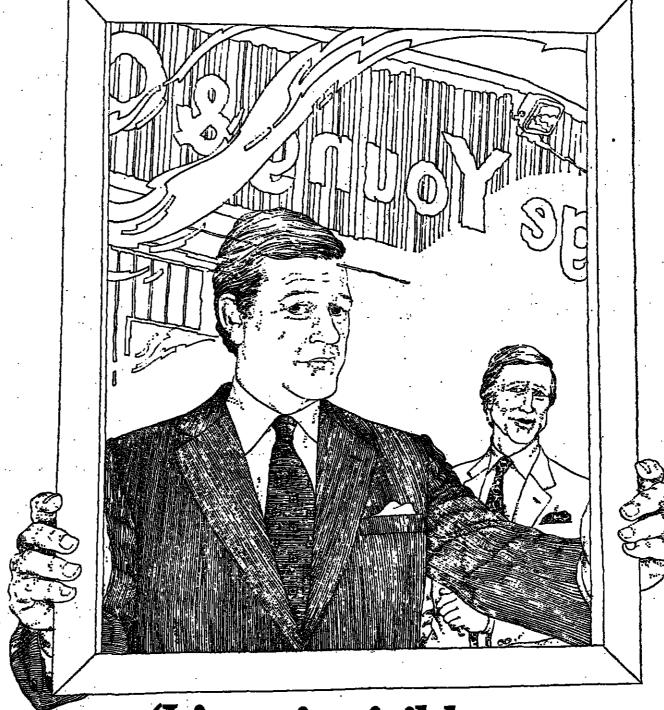
new jets and the "unpredictable fluctuations of passenger As a result, its future purchasing will be modest by comparison with some of the big orders placed in the past. The airline is already buying 10 of engined jet airliners, worth \$255m with an option on 10 more, while it also has outstanding orders for five more Lockheed TriStars and has recently bought two Boeing

Airways, and two from Iberia. So far as the new Boeing 767 is concerned. TWA says it can foresee an eventual nced for up to 45 of these jets over the next two to three years.

747 Jumhos from British

" The Boeing 757 (a smaller jet than the 767) and the Airbus are also of interest to TWA, but future orders involving any aircraft type will not be in numbers which do not reflect immediate capacity

Transmark's overseas sales climb by 50% TRANSMARK, the British Rail director, 90 prospects under review overseas consultancy subsidiary, reports that its foreign business "About £1.7m of our income around the world. In Australia, Transmark last went to private sector sub-conrose sharply last year with a sultants while we, too, played year gave licencing and advice 50 per cent increase in fees an important role as a sub-confor the fleet building of a version of BR's high speed inter-city train by COMENG of Sydney for the New South paid to it by its clients. sultant to our private sector colleagues. Our joint efforts were The company operated in 31 of considerable help to Britain's countries last year, and had a record turnover of £6m. Wales State Railway Authority. manufacturing From this contract, orders have Since its formation in 1969 This success was shared with since been received by Brush the private sector, said Mr. Ken Transmark has worked in 67 Electric Traction and GEC of Smith, Transmark's managing countries and at present has Britain.



It's an invisible asset, Mr Wagstaff...

...that can make me a small fortune, said George Young.

'Glad to hear it, said Wagstaff, looking at the window and wondering what was so special about it. Because of what you can't see, you can see, Mr Wagstaff.

'Not from here I can't, said Wagstaff firmly. 'I know it sounds as though I'm talking in riddles, said George Young, reading Wagstaff's thoughts with remarkable accuracy, 'but as a matter of fact I'm

talking literally. What you can't see is condensation. As you know, there's nothing like condensation for obscuring the view, and being in the window business I'm very conscious of it. I'm also very conscious it provides a marvellous opportunity for George Young

"I'm afraid I still don't quite see—" Where all this is leading? Well, it's not up the garden path, I promise you. It's leading straight to what I wanted to see you about. Plastic double

glazing. With plastic framing you virtually eliminate condensation problems. And no problem finding customers either, with something like that

'So what exactly is the problem, Mr Young?' The machine I need to get started. It's a bit special, and it's far from cheap?

Well in that case we'd better take a closer look at the situation. We should be able to help, if things look as bright as they do through your window!'

There are three different ways Williams & Glyn's can belp finance this kind of project. By Overdraft: this has the advantage of being case to arrange, and since the interest is charged only on the amount actually borrowed, if this is repaid quickly the interest can be kept to a minimum, 2. By Medicin Term Loan: this enables you to pay for equipment over a period up to 7 years during which time it is generating income. Loan accounts are handled separately from current accounts so the cost can be isolated and repayments made to suit each individual case. Interest is usually linked to Williams & Glyn's Base Rate, 3. By Hire Purchase: Williams & Glyn's subsidiary, St. Margaret's Trust Limited, provides instalment credit. The repayments are

tailored to suit the customer's requirements.

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Scottish journalists accuse Thomson

By Ray Perman, Scottish Correspondent

FHE 200 journalists of the cotsman and the Edinburgh Evening News. the first newspaper bought by the late Lord Phomson in his British publishng ventures, have passed resolutions of no confidence in the management and accused the Thomson organisation of draining the company of funds.

The two chapels (office branches) of the National Union of Journalists have drawn up a document accusing the company of bad management leading to "irreparable threatening both

A copy has been sent to Mr. Gordon Brunton, chief executive of the Thomson organisation in the UK, but his office said on Friday evening that he had not vet received it.

The managing directors of Thomson Regional Newspapers and Scotsman Publications were not avaliable for comment.

The journalists claim that the introduction of new printing technology last year was badly managed and has meant many misprints and production delays.

They also say that the management has allowed wages to fall at least £3,000 behind other daily newspapers in Scotland and that it has failed to respond to competition of the Scotsman's main rival. the Glasgow-based Outrams Group, owned by Lonrho.

to launch Sunday newspapers. but the Scotsman has abandoned this project, leaving Outram's Sunday Standard—the first issue of which will apear on April 26 to face only London challengers in the Scottish quality Sunday newspaper market.

Underlying these grievances is a feeling that the Thomson organisation has deprived Scotsman Publications of the develop- THE GOVERNMENT is being Although local industry does ministers. ment capital necessary to meet the competition.

Mr. David Ross, leader of the Scotsman journalists, said: tsman Publications is a say the advantages the zone damage to their own activities. profitable company, but will provide for some com- More than 450 companies are "Scotsman Publications is a over the years of Thomson panies are not enough to over- now backing a move for changes ownership it has been drained come the disadvantages the rest and their representatives are of the money it has earned."

Apr. 26-29

Apr. 27-May 1 ...

May 5-8

May 8-12

BUSINESSMAN'S DIARY

5080) (until Apr. 19)

Apr. 17-25 International Motor Cycle Exhibition (0203 27427)
Apr. 21-24 International Fire, Security and Safety Exhibition and Conference—IFSSEC (01-388 7661)

Apr. 28-30 Leather and Associated Trades Show (01-407 1582)
Apr. 29-May 17 ... International Ideal Homes Exhibition (021-705

OVERSEAS TRADE FAIRS AND

Current Audio Visual Communication Exhibition-MEDIA-

Current MODEXPO 81-International Ladies Fashion Fair

Apr. 21-25 MODEXPO 81—International Ladies Fashion Fair (Zurich 013115055) (until April 14)

Apr. 21-25 Printing and Allied Industries Fair—GRAFIVAK (01-228 2880)

Apr. 22-28 International Spring Fair (01-486 1951)

Apr. 25-36 International Collectors Fair—ISAB (01-540 1101)

Apr. 25-May 4 Swiss Industries Fair (Telex 62685)

Apr. 29-May 3 International Forestry Fair — EUROFORESTA (01-458 4860)

(01-458 4860)
Apr. 25-May 3 ... International Exhibition of Contemporary Arts—

May 14-17 International Antiques Fair (01-540 1101)
May 19-22 International Energy Management Exhibition and Congress—ENERGY (0727 63213)

May 19-22 Office Automation Exhibition and Congress (Telex

May 20-22 Videotex '81 (09274 28211)
May 22-26 International Accessory, Machinery and Materials

(01-446 2411)

MP urges inquiry into airports management

PAST PROSPERITY

= GOOD/BAD TIME TO BUY DURABLES

MEN

Changes sought in Dudley enterprise zone

1979

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. JOHN Biffen, Secretary for Trade, is being urged to consider a committee of inquiry into the management of the British Airports Authority, particularly to consider whether the authority should retain its monopoly position. Conservative MP Mr. Michael Grylls, has written to Mr. Biffen, sugggesting that such an inquiry might consider the

possibility of airlines owning and managing their own independent terminals at UK Stateowned airports, as at Kennedy Airport in New York.

Mr. Grylls also suggests an consider inquiry might whether it would lead to greater efficiency in the management of British airports if the BAA were to be abolished, and separate management authorities be entrusted with the running of each of our airports.'

"Present evidence," says Mr. Grylls, "seems to show that airports run by individual local authorities, such as Manchester and Luton, are more efficient and, to an extent, competitive with each

Another idea posed by Mr. Grylls is that a free-enterprise

system might be introduced, with organisations running airports on a five-year contract hasis "such as happens in ITV, with the underlying threat of the withdrawal of such a monopoloy if standards were not maintained."

Mr. Grylls says that while he accepts there may be difficulties in implementing some, or even all, of these ideas, "I think you will accept that the present situation is highly unsatisfactory.

"Experience seems to show that while the BAA does make a profit (and who could fail with a menopoly that sets its own charges) it is inefficient. over - burgaucratic and unresponsive to the real needs of the airlines that have to operate in a highly marketorientated world,"

SHADOW MINISTER

yesterday accused the Govern-

ment of "cooking the books" over last month's unemploy-

ment figures to keep them

Mr. John Grant, Opposition front bench spokesman on

employment, called on Mr.

James Prior. Employment

Secretary, to make a full state-ment to the Commons. He said

Parliament and the country

had been deceived and MPs

Mr. Grant made the allega-

tions in a speech to a party meeting in his Islington Cen-

tral constituency. He said: "The Govern-

ment cooked the books and

deceived both Parliament and

the country to ensure that

last month's unemployment

total stayed unexpectedly, if

narrowly, below the 2.5m mark in advance of the

TUC's week of activities over

misled.

Post-Budget slump in consumer confidence Government accused of compared with a year ago also doctoring ALL ADULTS

CONSUMER CONFIDENCE fell

sharply after the Budget, ac-cording to a Financial Times survey published today.
The survey, of 1,063 adults throughout the UK, revealed a drop of 8 percentage points. In

April 19 per cent of consumers surveyed thought that conditions would improve (compared with 21 per cent last month). while 44 per cent (38 per cent in March) believed the economy would get worse. This gives an index figure of minus 25 per cent, compared with minus 17 per cent last month.

However, while the drop in confidence has reversed the gradual improvement in the index over the past few months. the post-Budget slump is nowhere near as dramatic as the fall following the Chancellor's first Budget in June 1979 when VAT was increased to 15 per cent. At that time the index fell by 38 percentage points, the largest monthly fall in the survey's 10-year history.

Although the main reason given for pessimism in the April survey was unemployment -cited by 47 per cent-conrises was also significant. Some cern.

UK TRADE FAIRS AND EXHIBITIONS

Birmingham Motor Show (0602 51202) (until

Apr. 21)
British Pet Industry Exhibition (0233 36656)

Incentive Marketing and Sales Promotion Exhibition (01-688 7788)

Storage, Handling and Distribution Exhibition

MENT (01-637 2400)

1976 1977 1978 22 per cent of the survey gave inflation as the key reason, compared with only 15 per cent last month.

60% transport to the control of the

8-month moving averages

20%

400:1

urged to reconsider some of the not object to the zone in prin-

terms of its enterprise zone ciple, it believes the incentives

scheme by critics in Dudley who are far too great and will mean

In spite of the white collar industrial disputes in the Civil Service and banks, only 1 per cent of the survey gave induscern over budget-inspired price trial action as a cause for con-

now backing a move for changes

seeking talks with senior

Ingliston Showg'd, Edinburgh

Exhibition Centre, Harrogate Guildhall, Southampton

Metropole Exbn. Hall, Brghtp.

Olympia Rýl. Horticultural Halls, SW1

EXHIBITIONS

Bingley Hall

NEC, Birmingham

Earls Court NEC, Birmingham

NEC, Birmingham

NEC, Birmingham

Harrogate

Zurich

Amsterdam

Antwern

Essen

Among the minority of optimistic consumers surveyed. the overwhelming reason for their outlook was that "things must improve." This was cited by 73 per cent of optimists, compared with 66 per cent last

The newly-formed Dudley

Group has also been in touch

with opposition groups from

other designated zones and is

seeking amended legislation.

However, the problems at Dud-

ley are seen as more severe

than elsewhere, because of the

large number of small com-

Industrial Ratepayers Action from the Industrial Training

Board Levy.

showed a sharp fall after the Budget. Only 17 per cent of the survey felt better off than a year ago, while 53 per cent jobless total felt worse off. This gave an index figure of minus 36 per cent, compared with minus 24 per cent last month. The April index now stands at the lowest level for four years.

The post Budget reaction also revealed a fall in consumer purchasing decisions. Some 41 per cent of the survey felt it was still a good time to buy consumer durables, while 38 per cent felt it was a bad time. Although this gives an index of plus 3 per cent, it is still significantly lower than last month's index figure of plus 11 per cent.

The "unemployment index" for April was the same as for last month at plus 49 per cent. Some 61 per cent of the survey felt that unemployment would continue to increase while only 12 per cent thought that it would

The Financial Times survey of consumer confidence was carried out between March 26 The question in the survey and April 1 by the British showing how consumers feel Market Research Bureau.

The withdrawal of exemption

Some of these points were

raised last week when Lord

Bellwin, Parliamentary Under-

Secretary at the DOE, came to

the West Midlands Engineering

But the action group, repre

senting the majority of indus-

has "compelling evidence" of

widespread opposition to the

Employers' Federation.

jobs. Mr. Prior and his ministers approved the issue of instructions for a special exercise in February at job centres throughout the country. A careful check was made on all those registered for work but not claiming benefit, to see if they still

wanted work.
"If not. the registration was cancelled and they conveniently vanished from the March jobless total."

Mr. Grant said: "There is nothing improper in itself about a special review of this kind, although the registers are supposed to be looked at regularly anyway to eliminate from the statistics nonclaimants not seeking jobs.

"But it was, to say the least, highly suspicious that such a stringent scruttny of the records should be moun-

Poor get poorer

PEOPLE earning more than 21 times the average male wage are the only one paying less tax as a pronortion of their income than before the last election, the Low Pay Unit claims in a report pub-

lished today. The Low Pay Unit, an independent research hody, said that the level of income at which a family with two children starts to pay tax had fallen from 44.7 per cent of average earnings in 1979 to 38 per cent for the coming year.

TUC protest ends

The TUC's week of protest against Government economic and social policies ended this weekend with a call by Mr. Len Murray, general secretary of the TUC, for recognition of the scale of Britain's problems and a genuine solution

BMA urges pressure The British Medical Association is arging hospital consul-tants to put pressure on area

health-authorities which are

unwilling to meet the demand for private medical services. Marine videotex study THE DEPARTMENT of Maritime Studies at Liverpool Polytechnic is to study the possibility of using Videotex

systems in the marine industry

to improve communications.

Compromise over oil pricing may be near

BY MARTIN DICKSON, ENERGY CORRESPONDENT

oil companies regarded as a smaller premium, key test of oil producing States' With world production estipricing policy.

With world production estipricing policy.

With world production estimated at 2-3 million b/d, more

The dispute revolves round price of \$35.50. Kuwait has tried to extend

level of \$2 to \$3 a barrel, while glut on the world market makes a premium unjustified.

The outcome will be seen in the industry as indicating the extent to which downward

pressure on prices produced by supply sources secure. In an unusual move British

Petroleum, a party to the Kuwait dispute, issued a statement saying-that it envisaged " satisfactory outcome" to the Contrary to earlier indica-

no time had Kuwait suspended deliveries of crude, now at a adoption of a long-term level of 75,000 barrels a day. strategy. This contrasts with reports

A COMPROMISE agreement allowed to lift smaller volumes appears close in a lengthy at non-premium prices, or the dispute between Kuwait and same volume as now with a

Conciliatory noises have been than consumption the slackness made by both sides in the past of the market has been underfew days. The companies are lined afresh by the spot mar-considering new Kuwaiti pro- ket's failure to react to the Kuwait wrangle.

In very thin trading spot premiums which Kuwait has market prices eased even furimposed in the last year on ther towards the end of last part of her oil production, week. Sweet African crudes, boosting the price by \$5.50 a officially priced at up to \$41 a barrel above the current official barrel, were quoted at no more than \$38.50, while some dealers quoted Britain's North Sea the premiums to all her oil crude, officially priced at production, albeit at the lower \$39.50, down at \$37 or less.

Three producers, Ecuador, the oil companies said that the Mexico and Malaysia, have cut prices for some grades in the past week. None is an impor-tant member of the Organisation of Petroleum Exporting Countries, which meets in Geneva-on May 25 to consider excess production is offset by prices and production levels. companies' concern to keep Several OPEC Ministers have

already indicated they see no possibility of a general price increase at Geneva. The key question hanging over the market is the production rate of Saudi Arabia, supplying 10.3m b/d, 42 per cent of OPEC's output, and keen to tions, the company said that at retain a dominant supply position to help push OPEC toward

A warning has come from the by oil industry officials last International Energy Agency week that Kuwait had sus that the West should not grow pended liftings by some major complacent, and that the supply customers as a negotiating position remains too tenuous, particularly in light of the con-

Possible compromises in the tinued Iran-Iraq war, for people dispute are for companies to be to speak of an oil glut. Camden moves to block

ratepayers' legal action BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

Camden and 30 Labour council- payers' claim. ratepayers.

The ratepayers want the court to declare the councillors in breach of their duty and order them to repay to the council any money found to have been spent as a result of the alleged breach.

Camden Association, backing the action ing declarations about the ing revenue account; the maintenance of what the association regards as an unjustifiably large direct labour force: and the council's decision to raise a supplementary rate of 6p in the pound instead of securing relief from the Department of the Environment.

The council will ask a High date for a hearing of the appli- he has said was excessive.

THE LONDON borough of cation to strike out the ratelors are to ask the High Court The main ground of the to strike out legal proceedings application will be that the brought against them by local action is inappropriate; that individual ratenzyers do not

have sufficient legal standing to

bring the action, which could properly be brought only by the Attorney-General, acting on the ratepayers' behalf. The council will also argue that the relief claim in the action cannot be granted, because the ratepayers' are seek-

by three of its members, com- council's past conduct, whereas plains in particular about: the the court grants declarations council's handling of the hous-only in relation to present or future conduct. The council will contend that all the ratepayer's complaints relate to matters that fall with-

in the province of the District Auditor, Mr. Ian Pickwell.

No further steps have been taken by Mr. Pickwell in his legal moves against the Camden councillors, whom he is seeking Court judge tomorrow to fix a to surcharge over a pay deal

Joseph reaffirms support for potential winners

BY OUR LOBBY CORRESPONDENT

SIR KEITH Joseph, the Industry recent reference to "construc-Minister's new emphasis on industry did not involve any industry, including selective departure from the principles assistance on energy prices. But on which the Government was elected.

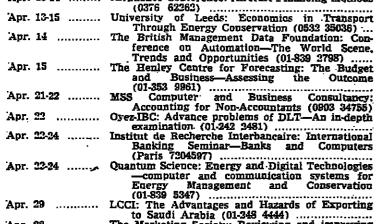
He did, however, acknowledge the role the Government could play in belping companies which had themselves been prepared to pick-and invest inwinners. He also stressed the help

Government could give industry which it operated, by an "intelligent" purchasing Asked what the Government policy. This, he said, was a meant by "constructive inter"legitimate instrument" for vention," Sir Keith said that, encouraging British Industry to become more competitive, and

Secretary, made it clear yester—tive intervention." Ministers are day that in his view the Prime known to be considering a considering a number of dif-'constructive intervention" in ferent projects for helping during an interview on London Weekend Television's Weekend World programme yesterday, Sir Keith re-stated, for the second time in a fortnight, his belief that the main contribution Government could make towards helping industry was by improving the climate in

in general, what the Government was doing was " modifying was one the Government in the inheritance" received from tended using more effectively. the Labour Government in Since the Prime Minister's relation to industry.

Fair for Furniture Production, Interior Decorating and Furnishing—INTERZUM (01-409 0956) BUSINESS AND MANAGEMENT CONFERENCES Apr. 13-14 Airfinance Conference: Aircraft Financing Methods



to Saudi Arabia (01-348 4444)
The Marketing Society: Reviewing and improving your marketing activity (01-487 5811) International Maritime Arbitration Organisation: International Maritime Arbitration Symposium (Telex 280282)

Food Forums: Food Product Lizbility Seminar (01486 6757)

IPS: Successful Trading in Commodities, Money

May 7-8 Work Seminar (01-636 0617)

May 7-8 Strategic Marketing Computers: Security and Disaster Contingency (01-373 5115) New Opportunity Press: Law at Work '81 (01-444 7231) Birkbeck College, London
May 11-12 The Economist—Video Conference (01-339 7000)... National Film Theatre Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure

that there has been no change in the details published.

Plaza Hotel, New York Bowater Centre, SW1 Georgia Institute of Marine Engrs. EC

Meridien Hotel, Paris Cannon St., EC4 London Press Centre **Paris**

Inn on the Park, W1 De Vere Hotel, Coventry Royal Garden Hotel, W8 Penta Hotel, SW7

panies surrounding the zone. The changes being sought are: An effective monitoring trial companies in the borough system to ensure that applica- and adjacent areas, is taking a tions for land or premises much stronger line and says it within the zone do not duplicate

industries in the area. The removal of rates exemption for existing companies within the zone.

 The rates exemption for new companies in the zone to be inside will benefit at the exlimited to four years instead pense of those outside.

proposed format. One of the main complaints is that by drawing "arbitrary lines" for the zone, companies

Orders rise **Phillips** win at but output

By Lorne Barling

A SURVEY of 430 companies in the West Midlands shows that both home and export orders have increased significantly since December, but that levels of production are still low. The survey was by West Mid-

stays low

lands Regional Group of Chambers of Commerce. It reflects greater confidence by companies that turnover and profitability are rising. Half the companies believed

a reduction of rates the factor most likely to improve their prospects, against 18 per cent in the previous quarter. There was an increase of

home orders for 22 per cent of companies, against 13 per cent. export orders for 24, against 14

Badminton By Michael Donne

CAPTAIN MARK PHILLIPS riding the Range Rover team's

black gelding Lincoln, won his fourth victory at the Badminton three-day Equestrian Event in Gloucestershire yesterday. He had won the event previously in 1971, 1972, and 1974. Second in this year's event was an American competitor,

was an American competitor,
Miss Sandy Pflueger, riding
Free Scot, while third was
Mr. Richard Meade, the triple
Olympic gold medallist. The result of the competition was in doubt until the final

moments of the show lumping phase. Although at the end of the dressage phase on Friday evening Captain Phillips was lying 16th, during Saturday's speed and endurance phase he went so fast and clear across country that he incurred only 1.2 time penalties.

Design for nuclear plant delivered to inspectors

BY DAVID FISHLOCK, SCIENCE EDITOR

THE REFERENCE design for protect it against a serious Sizewell B, Britain's first power accident.
station based on an American The additional equipment pressurised water reactor, was does not affect the primary delivered to the Government's circuit of the NSSS but means nuclear inspectors by the the designers have had to find inspectors by the National Nuclear Corporation last week.

The NNC expects to deliver the final station design late this It is drafting a procurement

policy for the station indicating which components the company thinks should be imported. The reference design is a joint effort by the NNC. Westing House Electric, and Bechtel to meet British Government safety requirements and the performance specified by the Cen-Electricity Generating

It identifies all major design features in the 1,200 MW station, including the choice of nuclear steam supply system for some plants, but it will be (NSSS). The NSSS chosen with the first to include all emerthe agreement of the CEGB is gency systems within the the one installed in the secondary containment.
Calloway power station nearing Another CEGB stipulation Calloway power station nearing

room for more supporting plant around the reactor.

They are proposing a circular double wall containment, the outer or secondary containment of which also wraps round the emergency extra equipment. The primary containment is made of pre-stressed concrete

and the secondary containment of reinforced concrete. The result is a containment 48 metres in diameter compared with 43 metres for the Calloway plant. Sizewell B will not be the first PWR station to have a secondary as well as a primary containment. Both West Germany and the U.S. have used it

was that Sizewell B should meet But to meet British standards the same standards of earthof safety Sizewell B has four quake resistance as Calloway, independent emergency cooling where the area suffered a systems instead of two to severe shock in 1812,

Financial Times Conferences

ENERGY SUPPLIES—FEAST OR FAMINE? London, 1 & 2 June 1981

All enquiries should be addressed to:

Financial Times Limited

Mr. James R. Schlesinger, Seulor Advisor, Center for Strategic and International Studies, Georgetown University, Former U.S. Secretary of Energy and Former U.S. Secretary of Defence, will be participating at this conference and will consider the topic "Energy Supplies — Feast or Famine?"

AMERICAN FOREIGN TRADE AND INVESTMENT New York, 15 & 16 June 1981

This conference is being held at a time crucial to the development of the American economy. The top officials in trade and treasury will examine those elements of the Government's policies which are aimed at stimulating industry and commercial activity, particularly in the international market-place. Very eminent officials from international authorities will consider the scene from their point of view emphasising the opportunities that exist for expanding trade. Senior United States personalities in the fields of industry, finance and the professions will examine the policies, opportunities and needs for successful business in the current economic climate.

INTERNATIONAL SUMMER SCHOOL '81' — FINANCIAL MANAGEMENT FOR THE NON-FINANCIAL EXECUTIVE London, 6-17 July 1981

This is a two-week course arranged by the City University, London, and the Financial Times in London, designed to give students both background information on the various financial "forces" in the modern business world as well as focusing on cost accounting, budgetary control, balance sheet analysis and financial planning. The twenty-two distinguished lecturers on the programme are drawn from universities. sities, banks, accountancy practices and the world of commerce.

Conference Organisation Minster House, Arthur Street London ECAR 9AX Tel: 01-621-1355 Caples: FINCONF LONDON

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which was taken in the industry

as roughly breaking even, has risen dramatically to about

The board also faces the

prospect of the spreading of the

latest in a recent series of

industrial relations brushfires in the regions. Unofficial action

over cuts in services in the

South East and South Wales

has been followed by officially-authorised action over line closures in the North of

BR has already taken a tough line over the dispute by warning staff in the Manchester and Sheffield areas that if they

obey the instruction of the National Union of Railwaymen

to refuse to collect passenger

they will be suspended from work without pay until they

union

tough

been

return to their normal duties.

London ambulance workers expected to reject pay offer

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS in the London ambulance service will next week consider plans for immediate industrial action if, as expected, a secret ballot of the capital's 2,200 ambulance workers produces outright rejec-tion of their 6 to 7.5 per cent

over "

Any decision on early action to be taken at a special meeting of 78 ambulance workers' shop stewards on Thursday could lead within a week to the first 24-hour strike by the London service since 1979. At that time London was involved in a national campaign of action over pay which led to the use of army and RAF ambulances to cope with emergencies in some parts

of the country.

Action by the London service would be in advance of the results of a national ballot being conducted by unions on the response of Britain's 17,000 ambulance workers to a pay offer within the Government's 6 per cent cash limits ceiling for health service pay rises in this year's wage round.

But according to Mr. Bob Jones, national officer in the National Union of Public Employees, London ambulance-men are unlikely to be alone if they decide to fight the pay

First indications from the will be unable to cope with the national union ballot were that growing demands being made three major regions including the offer and commit them- service economics.

selves to a programme of action

if necessary.

The ambulance workers have been offered either a 6 per cent increase for 12 months or a 7.5 per cent rise over 15 months similar to the offer which has been accepted by a majority of members in unions representing the health service's 250,000

ancillary workers. Ambulance workers, who are probably the most industrially powerful group in the health service are committed, however, to maintaining their longstanding campaign to achieve formal pay parity with firemen and police as the third arm of the emergency service.

Last year police received a 21.3 per cent pay increase and the firemen were awarded an 18.8 per cent rise in two stages. According to the London ambulance union leaders this leaves their pay at the bottom with a basic rate of £76.60 a week for 15 years service com-pared with £152.92 for police and £131.92 for firemen.

Average earnings in London are £164 a week but this is for 12 to 14 overtime hours worked in addition to a 40-hour basic

The London shop stewards say that unless pay rates are increased the ambulance service on it as a result of hospital bed cut-backs and other health

An uneasy background for British Rail's pay talks

Philip Bassett looks at the uncertainty BR faces

BRITISH RAIL will today make a pay offer to its 180,000 workers in reply to their claim for a rise in line with the rate of

The pay offer is widely expected to be about 5-7 per cent, though its level and form may depend on the three rail unions' approach to the thorny question of increased produc-tivity on the railways. The offer is the first event in an important week for British Rail.

From the top downwards, uncertainty hangs over the future of BR. Sir Peter Parker. its outstandingly successful chairman, is in the throes of renewing his own contract, amid speculation that he might be prepared to leave the job if

Cabinet ministers are discussing the BR board's recent bid for massively increased investment in the industry—adding up to £5.67bn over the next nine years. Mr. Norman Fowler, the Transport Secretary, is already studying the board's corporate plan for 1981-85, its own projection of its mediumterm future, as well as the recent joint review of main-line

electrification. BR is also faced with The cost of meeting the increased labour militancy proposals for the largest from unions which have seen electrification option alone their membership's decline as proposed in the report, perhaps railway technology has im-the most far-reaching official proved and traffic (allen. They review of the railways since are reluctant to see manning the Beeching report in the early levels reduced further. 1960s, would be £775m over The train drivers 960s, would be £775m over The train drivers' ne next 20 years. ASLEF is led by a On Wednesday, the board executive, which has the next 20 years.

will announce its results for the strengthened still further this year has so far been without

full year of 1980. The half- year. It has long been noted any such event threatening Survey, engine drivers, tradi-year figures showed a loss of for its readiness to go to the BR's performance, last year's tionally one of the highest paid year figures showed a loss of £24.2m and the final results are brink of, and sometimes beyond, expected to show that last year's slim loss of £400,000,

> Last year Mr. Sid Weighell, the NUR's general secretary, surprising reversal when a pay deal to which he and his negotiators had given agreement

of 15 votes.

The executive confirmed its growing independence later in the year when Mr. Weighell had to argue with its members for announcing the union's inten-tion to take industrial action over the level of central funding for the industry. Moderates on the executive talked out proposals to take immediate action that night, but Mr. Weighell still lost the argument about keeping the threat of

action in at all. Overall, hardly an easy background against which to pitch a first pay offer. BR was warning of difficulties over pay last year, and its problems have been heightened further since

steel strike hit BR hard, and also of the railway workers' was a major factor in its loss for the year. Even though this

loss may eventually be exceeded groups in the railway industry. industrial action and BR has if current trends continue. Rebeen able to depend less of late ceipts for the first three months ranking of average gross weekly

suffered a considerable and seeking a low pay settlement surprising reversal when a pay this year. Not only are BR officials convinced that the railways cannot afford a pay deal was thrown out by the union's in double figures this year, the 26-man executive by a majority receipts so far have been so poor that consideration has been given to following the policy of wage freeze adopted British Airways and British Steel. However, the apparent However, the apparent mood of union executives and the resurgence of local disputes seems to have ruled out the likelihood of the board adopting that course.

> unions are aware not just of settlements... in areas the public sector to which railway workers have looked for always parisons — power workers (13 per cent), miners (13 per cent on earnings)-and other settlements in similar areas which have influenced the pay round, such as gas workers (12.7 per cent) and water workers (12.3 per cent), but slippage down the pay league.

Government's New Earnings

Both the board and the

were seventh-highest in the on the traditional moderation of this year are down even on earnings for male manual BR's corporate plan made it 1980 NES showed train drivers clear that the board would be to have plummeted to 38th place. By contrast, coalmining face workers slipped only one

place, from second to third. Obviously this leads directly to difficulties in recruitment and retention of labour, particularly in the many jobs on the railways which demand working

The board says, though, that the key to increased earnings is improved productivity. The corporate plan puts forward proposals for pay increases higher than the rate of infla-4.5 per cent above the prevailing inflation level. Like the proposal to turn the present loss into a profit of £200m by 1985, and indeed the whole of the changes it is seeking.

Current basic rates are: railwaymen, £58.75 (average earnings about £100); guards. £73.40 (average earnings over £110); and drivers, £93.85 (average earnings over £130). The corporate plan stated

clearly that there would be a longer-term pay and conditions cut in railway employees over in the industry.

posts, and that the largest contribution to this target would be made by improvements in productivity.

Last year's pay deal laid down a three-stage programme productivity ments. Clause One of this programme was the tying up of ing small, individual schemes around the country for improvements. BR claims "exemplary progress under this heading. pointing to the loss of 5.600 jobs as a result of it, achieving savings of more than £20m.

Clause Two's proposals, to be achieved at first within three years but now subject to a con-siderably quicker timetable. included more major changes, such as the ending of the collection and delivery of parcels.

Clause Three contained the. productivity proposals BR saw as crucial for its future progress tion over the next-two years, and profitability. Central to with the highest in 1984 about these plans for changes in workover-manning on trains: the the removal of demarcations: and a new approach to rosterweek-end working in the standard rostered week.

Despite a long series of meetings with the railway unions. no progress has been made in these areas, though BR sees as hopeful the union's agreement to join two days of talks on

Call for new TU laws

THE INSTITUTE of Directors Trade Union Immunities would called yesterday on all major be "totally wasted" if it employers' organisations to waited for the Act to bed unite in a campaign for more down. effective employment legisla- "We are not convinced that tion within the lifetime of the the Employment Act will propresent Government.

Mr. Walter Goldsmith, director general of the institute, condemned as "dangerously misguided" any intention by the Government to wait for the Employment Act 1980 to "bed down" before considering fresh

employment legislation. He was commenting on results of consultations with businessmen which the institute has held in the past few months on the effectiveness of the Act. With a marked reduction in industrial disputes as a result of the recession, he said, the right circumstances for testing the Act were not there, and

would not be for some time.

The Government's consulta-

We are not convinced that vide a stable long-term legal framework for bettering indus-trial relations and productivity." Mr. Goldsmith said.

Its irrelvance to the con sultation process on the Green Paper makes it all the more important for business and employers' organisations unite in urging Mr. James Prior, Employment Secretary, to introduce a programme for further legislative reform within the

lifetime of this Parliament. As a result of the consulta-tions the institute was said to be particularly worried about operation of the Act on secondary industrial action. Its provisions could not be used in some circumstauces, because of the diversity and complexity" of tions on the Green Paper on commercial contracts.

BERGER LAUNCH NEW PAINTS IN AUSTRALI

Berger chemists in Sydney have recently developed a range of new specialpurpose paints - including one that protects outboard motors from corrosion. Research and development costs are high and, as we have done in other countries, Barclays helped Berger with their new product programmes in Australia.

Barclays and Berger have a lot in common. Berger with its parent company, Hoechst, is a world-spanning organisation. And we have our own people in 75 countries spanning five continents. So Berger can always talk direct to a Barclays office in the world's major financial and commercial centres - as can all our customers. We provide fast, effective financial services of every kind wherever they are needed.

Ask Barclays first for information about international markets and trading opportunities. We help most of the world's successful companies. Somewhere there is a market where we can help you.

The week in Parliament

mers

COMMONS—Finance Bill, second reading Proceedings on the following Consolidation Bills—English Industrial Estates Corporation: Films Levy Finance: National Film Finance; Public Passenger Vehicles: and second reading of the Judicial Pensions Bill. LORDS—British Railways (Victoria) Bill, hird reading. Interpretation of Legis-ation Bill, third reading. Common Attempts Bill, second reading. Debet on the report of the European Communi-

Attempts Bill, second reading. Debate on the report of the European Communities: Committee on regional policy. Debate on accountability of police authornies and chief constables.

SELECT COMMITTEES — Education. Science and Arts. Subject: Secondary School curriculum and examinations. Witnesses: Miss Sheila Browne, Senior Chief Inspector of Education and other officials. (Room 6. 4 pm). Home Affoirs. Subject: Vagrancy Offences. Witnesses: Metropolitan Police; Home Office. (Room 8. 4.30 pm). Public Accounts. Subject: Financial assistance for the closure of a bakery; financial assistance to a meet processing company. Northern Ireland Development Arjency; Roads Services stores: Arrears of metered water charges. Witnesses: Department of Commerce. Northern Ireland.

TUESDAY NONS—Transport Bill, remaining stages.
Local Government (Miscellaneous Provisions) Scotland Bill, second reading. Harbour (Transport of Live Animals) Bill, second reading. Debste on the Government's policy on El Salvador.

SELECT COMMITTEES — Armod Forces Sill. Witnesses: Officials from the Ministry of Dafenco. (Room 5, 4 pm). Employment Subject: Homeworking: Witnesses: TUC (Room 8, 4 pm). Foreign Affairs. Overseas Development Sub-Committee. Subject: The role of

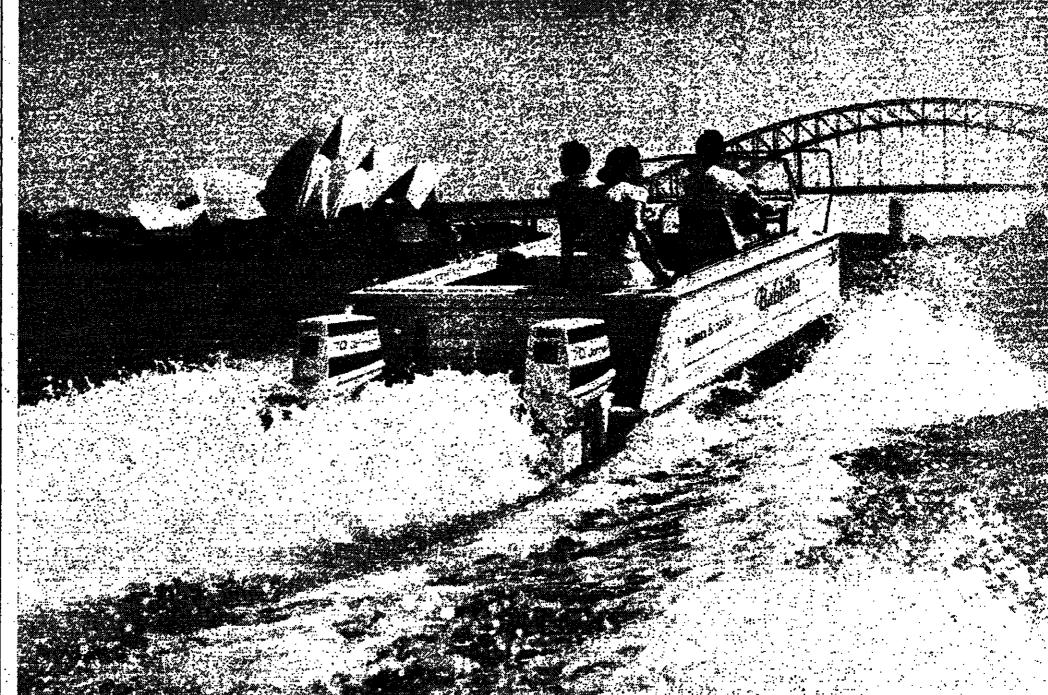
prissing an the economic development of Zimbabwe. Witness: Lord Soames. (Room 16, 4.15 pm). Procedure (Supply). Subject: Supply procedure. Witness: Mr. Norman St. John Stevas. MP.

WEDNESDAY
COMMONS—Debate on sconomic difficulties in the north.
LORDS (at 11 am) — Forestry Bill.
second reading. House rises for Easter
recess.
SELECT COMMITTEES — Education.
Science and Arts. Subject: Secondary
School curriculum and examinations.

Witnesses: Association of County Councils, Association of Motropolitan Authorities. Society of Education Officers. (Room 11, 10.30. sm). Industry and Trade. Subject: Effects of the British Steel Corporation's corporate plan. Witnesses: TUC. (Room 16, 10.45 sm). Transport. Subject: Transport aspects of the public expenditure White Paper. (Room 17, 4.15 pm): Employment. Subject: The work of the Department of Employment group. Witnesses: The Health and Salety Commission and the Health and Safety Executive. (Room 8, 4.30 pm). Public Accounts: Subject: Beffest City Hospits)—new central hospital contract: delay in using properties acquired or Witnesses: Association Hospital—new central hospital contract: delay in using properties acquired or held: suckness benefit—detection of fraudulent claiming: grants and loans for the construction of fishing vessels: forest recreation charges. Witnesses: Department of Health and Social Services, Northern Irieland: Department of Agriculture. Northern Irieland. (Room 16, 4.30 pm). Social Services. Subject: Medical Education. Witnesses: Oversess Doctors' Association; Conservative Medical Society: Sir Alec Mernson. (Room 15, 3 pm).

THURSDAY

COMMONS (9.30 am) — Debates on various topics prior to adjournment of the House for Easter recass until April 27.



Company Announcement

VEREENIGING REFRACTORIES LIMITED

(Incorporated in the Republic of South Africa) CHANGE IN ACCOUNTING DATE

The company's holding company, Anglo American Coal Corporation Limited (Amcoal), has changed its accounting date to March 31 and it is necessary that this company should change its financial year end to coincide with that of Amcoal. Accordingly the current financial year will cover the fifteen months period ending on March 31, 1982. Thereafter financial years will cover the twelve months ending on March 31 of coach warr.

A first interim report dealing with the group's results for the three months to March 31, 1981, will be issued during the three months to March 31, 1981, will be issued during May 1981, and it is intended at that time to declare a first interim dividend for payment during June, 1981. A second interim report dealing with the group's results for the six months to September 30, 1981, will be published during November 1981, and it is further intended to declare a second interim dividend at that time for payment during January 1982. The results for the 15 months to March 31, 1982, will be announced during May 1982 and at the same January 1982. The results for the 15 months to March 31, 1982, will be announced during May 1982 and at the same time the final dividend for that period will be declared for payment during July 1982. Thereafter, the results for the first-balf of each financial year will be announced during November, and it is intended that interim dividends should be declared at that time for payment during the following January. The results of each financial year will be published during May of each year and a final dividend declared at

during May of each year and a final dividend declared at that time for payment during July.

Preference shareholders will continue to receive dividends during July and January of each year.

Vereenigi∄g April 13, 1981.





No fuss to keep the rain out

about U.S.\$1m apiece, they just

couldn't afford to be wrong.
"You've got to get used to

handling something that's very

touch it, can wreck the whole

process by leaving moisture on

that composite manufacture, perfected by the U.S. aircraft

industry only in the last three or four years, will now spread

rapidly to other industries,

especially the motor industry. Some Ford Escorts fitted

with composite propeller shafts

have started field trials. If

GKN succeeds in introducing a

leaf spring of carbon fibre, the

impact on material costs for a

part with a market numbering

10m a year could be dramatic. BL commissioned Ingersoll

to handle a £20m chunk of its

£70m investment in the new Solihull. West Midlands, fac-

was 2,000 units a week.

new kind of production control

system.
When the highly automated

engine test system picked up a

tion in a critical dimension.

of about £1.5m.

CONTRACTS AND TENDERS

INTERNATIONAL TENDER

Steel Framed Buildings BIDA AGRICULTURAL DEVELOPMENT PROJECT.

NIGER STATE, NIGERIA invites bids from suitably

qualified suppliers for supply and delivery of steel

framed pre-fabricated buildings. Payment for goods

supplied will be by letter of credit established under

World Bank Guidelines. Interested parties should contact either of the addresses below for details or documents:

CENTRAL PROCUREMENT & TRADE AGENTS LTD Abbey Mill Colebrook Street

Winchester Hants

England Tel: (0962) 65146 Telex: 477480 CEPTA G

BIDA AGRICULTURAL DEVELOPMENT PROJECT

Fogun Road PMB 1

Bida Niger State

Nigeria

GOLD FIELDS GROUP

VLAKFONTEIN GOLD MINING COMPANY LIMITED

NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

As less than one-fourth of the total votes of all the members entitled to attend the annual general meeting held on 10 April 1981, and to vote thereat, were present or represented at the meeting for the purpose of passing a special resolution amending article SB of the company's articles of association, the meeting stands adjourned in terms of section 199(2) of the Companies Act, 1975, to Wednesday, 22 April 1981, at 09h00. The adjourned meeting will be held in Gold Fields Bullpling, 75 Fex Street, Johannesburg.

COMPANY NOTICES

10 April 1981.

16₩% annually.

REPUBLIC OF

COSTA RICA

Floating Rate Note Issue of

USS20,000,000 April 1978/1985 The rate of interest applicable for the six months period

beginning on April 10, 1981, and

set by the reference agent is

But Ingersoll has no doubt

the material," says Small.

BY DAVID FISHLOCK, SCIENCE EDITOR

"WE'RE REALLY not very interested in writing reports," says Peter Dempsey. We want to do it-or at least to postaudit the project."

The remark was surprising for Dempsey is a consultant, a profession which usually lives

by writing reports.

But Peter Dempsey is joint managing director, with Brian Small of an unusual team of consultants called Ingersoli Engineers, the British offshoot of a big U.S. engineering group. Its speciality is manufacturing technology for metals or for components which traditionally would have been made

The newly-acquired base is an elegantly refurbished country house, Bourton Hall, close to Rugby. The catchment area is Europe: or at least its engineering companies most interested in the frontiers of manufacturing techniques.
Traditionally, engineering

Traditionally, engineering consultants have tended to put construction first. Ingersoil puts the emphasis on the contents. "Why make so much fuss about keeping the rain out?" Small asks.

Investment

The philosophy has won big and microprocessors knit the contracts from Rolls-Royce, functions together in a radically Babcock International, and others, to rethink major facilities for manufacture. It involves with some of the most ambitious new investments in manufacture. "And there is a determination to make radical changes," says Brian Small.

Unlike the provision to make radical stage of inspection, the system was able to pignoin.

Unlike the previous oil-in- faulty crankshaft in store. duced recession, when people In another case, the system just waited for it to go away. picked up a gradual deteriorathey find this time that comuney and this time that companies which are investing in the future are also investing in radically new methods.

They cite carbon fibre composites as one example. "We're the only production engineering around in the LIK to design the composite of the production engineering around in the LIK to design the composite of the compo

group in the UK to design a composite manufacturing system for a major manufacturer," claims Dempsey. Ingersoll itself invested a big effort in learning how different from metalworking is the manufacture of composite parts.

They learned that with earbon

Gearing the teeth helps the ears to a quiet life

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MORE teeth you have in contact the easier it is on the drive gear assembly and the ears, according to the Eaton unique "floating mainshaft" have not been changed.

Nor are there any substantial

Today, Eaton takes the wraps off its new generation of Fuller Roadchanger transmissions suitable for rigid vehicles of 24 tonnes and above and for articulated vehicles over 28 tonnes.

Redesign

floppy htroughout most of its manufacture and which, if you Eaton reckons the new gear system has eliminated about two-thirds of the sound power of the traditional Fuller box which represents a five to seven decibel reduction in sound level for the truck driver.

The group says its tests have shown a "dramatic" increase in gear life because Multi-mesh gears reduce the stresses on the surface of the teeth so they last longer. More than 200 transmissions were used for the teset programme, accumulating 20m miles in the field.

This is the first major redesign for the beavy duty Fuller gearboxes for 17 years and it involved an outlay of \$25m of which \$10m went on engineering costs.

Eaton says it was one of the most extensive product development programmes it has carried

tory for its Land Rover engine.
Its job was total project management — procurement included—of stores, assembly and testing for the 2.2 litre engine. The capacity required Changes have also been made in the transmissions' air system. synchroniser and other areas and many New Generation gearboxes are equipped with larger mainshafts and bearings to The upshot is the complete integration of all three functions. More than 50 minicomputers accommodate the higher-torque engines now more popular in

the traditional However,

machine shop at Renfrew, claims. In the new machine equipped with technology 20-30 years old An initial feasibility study

suggested very low productivity
—at best about 45 per cent but as low as 20 per cent for many machines. Ingersoll set some targets: productivity twice, sometimes three times as high; fewer machine tools, 70 where 150 were being used—and 25 per cent less space.

Babcock has so far spent about £20m on new machines Land Rover project was a joint effort with BL management, in and has plans to spend as much as £70m. Brian Small says the most important lesson he which Ingersoll was bired to complement and expand the learned was the importance of company's own engineering learned was the importance of effort. Ingersoll put a team of winning co-operation, not just about 30 on the project for from management, but right about two years, earning fees down the line to the chaps that operated the machine tools. fibre materials costing £35 per Babcock International pre- "Get it wrong and they don't lb and the automated may have sented a different problem but pay off." But if you plan quietly that work them — such as ne offered the same kind of part and methodically to give every-laying machines and waterjet nership when it invited Inger one confidence in what you are cutters - commonly costing soil to help re-tool a big changing, "it happens," he

changes in length or weight compared with the transmissions to be replaced.

Eaton will introduce the New Generation from the autumn and the boxes will fit any vehicle for which Fuller presently sup-plies transmissions without

requiring any vehicle redesign. The main difference, for the change is evolutionary rather than revolutionary, is in the gearing. The gears have been redesigned to Eaton's "Multi-mesh" concept which is the group's term for gears which always have more than two gears which always have more than two teeth in contact

Gears of older design for 60 per cent of the time have only one tooth taking the load.

Legislation

According to Eaton, Multimesh cuts noise in the truck cab and outside. The New Generation should help truck buliders comply with noise

legislation. That was obviously an essential requirement because nearly all the European truck makers use Fuller heavy duty trans-missions— the major excep-tions ebing Volvo and Scania, which will use only their own "matched" drivelines.

Eaton meets competition not only from the "own brand" transmission makers but also proprietory manufacturers of which ZF of West Germany is

the main competitor although

shop at Renfrew the operators are becoming "managers of machines."

Productivity is the keynote of a recent contract undertaken for Rolls-Royce at Derby. Back in 1969 they advised the company on the re-tooling of a machine shop making turbine wheels and discs for aeroengines. Rolls-Royce bought the machines recommended, but rejected ideas on integration to get the best out of the machines. The outcome was very poor utilisation.

Rolls-Royce, with a production director on the main board nowadays, has extended the invitation to rethink the same operation for RB211 engine hoses to a 12 or 24 litre pressure wheels and discs—right through tank and a compressor, also to fully integrated handling and connected to the tank, tooling. "I want to be amazed by what you tell me," is the brief they have been given this

Dana of the U.S. has been heavily promoting its Spicer

The first Fuller "twin countershafts" were introduced in 1963 and since then 1.7m have been sold in the world for use in trucks. Eaton now has eight trans-

mission manufacturing plants: four in the U.S., three in

manufacture in the UK are the

subject of the latest market

study published by Industrial

at about £84m and the report

The total market is estimated

Arnica introduces

lubrication unit

A PORTABLE lubrication unit

for injecting oil or grease under

pressure into flexible steel wire

ropes up to 100 mm in diameter being produced by Arnica

International of Deane House, Greenwood Place, London NW5

aluminium casing made in two

halves which are clamped round the wire rope to form a sleeve,

with Teflon bearings and rubber

seals at either end. The lubrica-

tor is connected by flexible

generates pressures up to 6 bar.

By this means, lubricant is

right in to the core of the rope.

driven through the strands and

The unit consists of an

(01-267 6187).

Europe and one in South America. At first the non-synchromesh

CONVENTIONAL

gearboxes were used mainly in the U.S. but Eaton promoted the concept in other markets and last year 25 per cent of worldwide unit sales were made outside North America.

Eaton also makes truck continuing confident brakes and axles and its truck heavy truck market."

cals, sizing agents, fillers and

effluent treatment chemicals,

for the most important chemi-

Growth areas of the UK in-

Three sizes of lubricator are

available: one for rope diameters from 10 to 30 mm,

another for diameters from 30 to 60 mm and the third for 60

The leading Teflon bearing crapes off any loose dirt as

it enters the lubricator which

is said to offer a useful method

of treating wire ropes from which the lubricant has been "squeezed out" during long periods of working under heavy

MATERIALS ranging from

cut by the latest mechanical shears offered by F. J. Edwards

of Chard, Somerset (04-606

The new range of shears will cut materials with thicknesses

of 2.5 to 3.5mm and widths up to 3,750mm. Up to 45 cuts per

minute can be achieved on single cycle and 50 per minute

A hand-controlled stretch film wrapping device for stabilising palleted goods is now being offered by Palagan and Co. Tavistock Street, Dunstable, Bedfordshire LU6 1NE (0582)

The device dispenses under

tension low cost stretch film

which comes in reels of 250

metres in widths up to 400 and

on continuous cycle.

Stretch film

wrapping

600234.

to 100 mm diameters:

Mechanical

shears

cals used in each sector.

CHEMICALS USED in paper bleaching and cleaning chemi-

eaks this down into pulping, dustry are believed to be tissue,

component operations accounted for nearly one-third of its worldwide \$3.2bn sales last year. Robert W. Gillison, president

EATON'S

INNOVATION

of Eaton's Truck Components Group, said the investment in the New Generation Fuller transmissions "reflects Eaton's continuing confidence in the

Chemicals in papermaking highlight small objects for photographic purposes. speciality products, so demand

with estimates of the market likely to rise. Paper chemicals are defined as those used in pulping, paper and board making including coating, but excluding those chemicals used in the subsequent conversion of paper to manufacture envelopes, cartons, adhesive tapes and so on, The report, which lists chemi-

cal suppliers and paper manu-facturers is obtainable, price £700, from Industrial Aids at 14 Buckingham Palace Road, 5036).

for associated chemicals is Scots plant

TOUGH

rkshire 1.S27 7JZ Tek 0532 5210

New light

on biology

A MINIATURE fibre optic system designed to provide high-intensity cool light for the

clear illumination of small and

heat-sensitive live biological

specimens, nerve and muscle tissue, or cultures likely to change their characteristics under conventional light sources, has been introduced by Oriel Scientific (01-549 9735).

Named system 177, it consists of the Oriel 170 D illuminator, a flexible 68-in long fibre optic, and a set of six interchangeable

miniature fibre optic probes.

The flexible fibre optic and the LT-7 light pipettes can be steam-sterilised safely in an

autoclave and are electrically

inert, says Oriel. The diameters

of the fibre optic bundles range

Besides medical, dental,

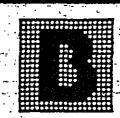
veterinary and biological re-search applications the system is claimed to be suitable for the

close inspection of small, recessed, deeply orificed, cylin-drical or intricately assembled

parts. It can also be used to

from 0.027 in to 0.118 in.

SITE PREPARATION for the building of a 500,000 tons/year. ethylene plant at Moss Morran and Braefoot Bay, Fife, is to be carried out by Tractor Shovels (Contracts), Invekeith ing, the Scottish earth-moving subsidiary of London and Northern Group, under a £2m contract awarded by Lummus as main contractor London SWIW OQP (01-828 Chemicals. The plant is due on



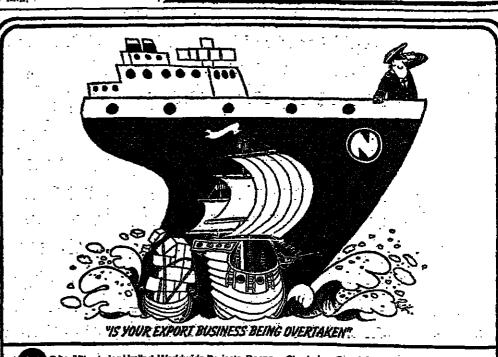
The BANQUE NATIONALE de PARIS in BRAZIL

On the 27th March 1981 BANQUE NATIONALE de PARIS signed a contract to purchase the participation of 45% presently held by the SWISS BANK CORPORATION in the share capitals of BANCO CIDADE DE SÃO PAULO S.A. and of the MULTI COMMERCIAL BANK, ZURICH, a sister company of BANCO CIDADE.

These purchases are naturally subject to the prior approval of the competent authorities.

BANCO CIDADE DE SAO PAULO S.A., whose head office and general management buildings are located in SAO PAULO, operates ten branches in the principal financial, industrial and commercial cities of BRAZIL and already holds the requisite licenses for opening a further six branches.

This acquisition will enable B.N.P., as a consequence of having a presence in the commercial banking sector, to strengthen its interests in this great country and to take a more active part not only in the developmen of Franco-Brazilian trade but also of French investments in the country. The two representative offices of B.N.P. in RIO-DE-JANEIRO and SAO PAULO will thereby have their services reinforced. THE MULTI COMMERCIAL PARTY. THE MULTI COMMERCIAL BANK, in addition to its head office in ZURICH, operates—a branch in GENEVA and a subsidiary in GEORGETOWN, GRAND CAYMAN: MULTI BANKING CORPORATION (OVERSEAS) LIMITED.



Red Charleting Limited, Worldwide Projects, Deepsea Charleting, Coastal and European Charleting Sunley House, Gunthorpe Street, London Et 717W. Tel: 01-247 3232 Telex: 885328/886297 Agencies in all UK ports

to aid elderly and disabled seafarers

THE FUND FOR CHARITIES THAT SUPPORT
STAFABLES IN NEED & THEIR FAMILIES

Last year KGFS distributed some £275,000 to aid Last year Kur's distributed some £275,000 to aid elderly and disabled seafarers.
To allow for inflation, we need to provide much more this year.
We cannot allow our aged and disabled seafarers from the Royal Navy, the Royal Marines, the Merchant Navy, fire Fishing Industry to suffer

i rêqê

from our lack of funds. Please send a donation or covenant to aid us in vital work. And, when preparing your Will, please do not forget us.

EVE has outlived the others because of a policy of fair play and value for money. Suppor from 10-3.30 am. Disco and on musicians. glamorous hostesses, exciting Reorshowa. 789. Regent St. 734 0557. Acorshows. 189. Regent St. 734 0557.

GARGOYLE, 69. Dean Street. London, W1.

NEW ERCTIC FLOORSHOW

"CLOSE ENCOUNTERS"

11-3.30 am, Shows at Midnight and 1 am.

Mon.-Fri. Closed Saturdays. 01-437 6455.

CLUBS

International bidding: Two sugar plants

Industria Azucarera Nacional S.A. IANSA (National Sugar Industry) announces to investors that has put up for international bidding two sugar beet plants located in the southern part of the

Natural or legal persons either Chilean or foreign-may participate according to the specifications.

BIDDING CONDITIONS AND COMPLETE INFORMATION

Biddings conditions and the annexed inventories with the description of the assets to be sold, technical records and a complete feasibility study of Curico and Nuble plants recently prepared by and expert advisory hureau, are at the disposal of interested parties.

Bidding conditions cost US\$ 250 - in national currency - for each plant, and may be withdrawn

Germany: 2.000 Hamburgo 1, Chile Haus B, IV Etage Fischerwiete 1. England: Charge D'Affaires, 12 Devonshire Street London Win 2 - DS.



Bidding also includes the transfer of the dwelling houses placed at the Nuble plant lands.

The first one is in Curico - 200 kilometers south of Santiago, i.e., 7th region. The second one is in Nuble, 8th region, 400 kilometers south of Santiago.

United States: Corfo, One World Trade Center, Suite 5151, New York. Italy: Via Nacionale 54-2p, Roma.

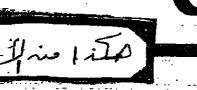
Deadline offer presenting: May 12th, 1981. Date for bidding admidging: May 22th, 1981. Date for plants delivery: During September 1981.

ASSETS TO BE SOLD

Lands and factory facilities, warehouses and offices including the whole Curico and Nuble plants. The Curico Plant has the necessary equipment for refining raw sugar.
 All the machinery, tools, inputs, etc. existing in Curico Nuble plants according to the inventories annexed to the bidding conditions.

Any remarks interested parties may pose or for further information please contact the above mentioned offices, or at IANSA offices, 26 Bustamante Avenue, Santiago Chile.





You have only one life to insure. Howshould you choose the right company to insure it?

Before you insure your life, there's something else you really ought to ensure. For your own peace of mind, you should make certain that the insurance company you deal with is a member of one of the recognised life insurance trade associations such as The Life Offices' Association or Associated Scottish Life Offices.

Their members account for about 90% of all ordinary life insurance business written in the United Kingdom.

in Bik

When you deal with one of these companies you can rest assured that your interests are safeguarded in two important ways.

1. All members of the Associations subscribe to a Code of Selling Practice designed to protect the interests of the consumer.

The Code demands for instance that whenever a representative approaches you he makes it clear that the purpose of the meeting is to discuss life insurance. That all your dealings are treated in complete confidence. That when you take out a life policy the benefits and conditions are explained fully. And that you are not encouraged to commit yourself to premiums which you cannot afford.

2. All members of the Associations have agreed to limits on the rates of commission that may be paid to independent advisers; so you can be confident that where commission is to be paid it will not be an influencing factor in recommending a particular member company.

It's worth remembering that life insurance is probably the biggest purchase you'll ever make apart from your home.

So it's important that you get it right.

If you would like a copy of the Code of Selling Practice, or information about the booklets and educational material produced by the Associations, please write to:-

THE LIFE OFFICES' ASSOCIATION AND ASSOCIATED SCOTTISH LIFE OFFICES MEMBER COMPANIES AND GROUPS: •

American Life Insurance Company Australian Mutual Provident Society Avon Insurance Company Ltd Barclays Life Assurance Company Ltd Black Horse Life Assurance Company Ltd Britannic Assurance Company Ltd British and European Reinsurance

Company Ltd Canada Life Assurance Company Cannon Assurance Ltd Clerical, Medical and General Life Assurance

Society Colonial Mutual Life Assurance Society Ltd Commercial Union Assurance Company Ltd Confederation Life Insurance Company Co-operative Insurance Society Ltd Crusader Insurance Company Ltd Eagle Star Insurance Company Ltd Ecclesiastical Insurance Office Ltd Economic Insurance Company Ltd Equitable Life Assurance Society Federation Mutual Insurance Ltd. Friends' Provident Life Office FS Assurance Ltd Gresham Life Assurance Society Ltd Guardian Royal Exchange Assurance Ltd Hambro Life Assurance Ltd Hill Samuel Life Assurance Ltd Hodge Life Assurance Company Ltd Ideal Insurance Company Ltd Imperial Life Assurance Company of Canada Independent Order of Foresters

(United Kingdom) Langham Life Assurance Company Ltd Legal and General Assurance Society Ltd Life Association of Scotland Ltd London and Manchester Assurance

Company Ltd London Life Association Ltd M & G Trust (Assurance) Ltd Manufacturers Life Insurance Company Medical Sickness Group Mercantile and General Reinsurance Company Ltd Munich Reinsurance Company Mutual Life and Citizens' Assurance Company Ltd (of Australia) NALGO Insurance Association Ltd

National Farmers Union Mutual Insurance Society Ltd

National Mutual Life Association of Australasia Ltd

National Mutual Life Assurance Society National Provident Institution Norwich Union Life Insurance Society NRG London Reinsurance Company Ltd Pearl Assurance Company Ltd Phoenix Assurance Company Ltd Pioneer Mutual Insurance Company Ltd Property Growth Assurance Company Ltd . Provident Life Association of London Ltd Provident Mutual Life Assurance Association Prudential Assurance Company Ltd Refuge Assurance Company Ltd Royal Insurance Company Ltd Royal London Mutual Insurance Society Ltd Royal National Pension Fund for Nurses Save & Prosper Insurance Ltd Scottish Amicable Life Assurance Society Scottish Equitable Life Assurance Society Scottish Life Assurance Company Scottish Mutual Assurance Society Scottish Provident Institution Scottish Widows' Fund and Life Assurance Society

Standard Life Assurance Company Sun Alliance and London Assurance

Company Ltd Sun Life Assurance Company of Canada Sun Life Assurance Society Ltd Swiss Life Insurance and Pension Company Swiss Reinsurance Company (UK) Ltd Teachers' Assurance Company Ltd TSB Trust Company Ltd Tyndall Assurance Ltd United Friendly Insurance Company Ltd UK Provident . University Life Assurance Society Vanbrugh Life Assurance Ltd Victory Insurance Company Ltd Wesleyan and General Assurance Society Western Australian Insurance Company Ltd Yorkshire-General Life Assurance

Company Ltd Zurich Life Assurance Company Ltd

THE LIFE OFFICES' ASSOCIATION, ALDERMARY HOUSE, QUEEN STREET, LONDON, EC4N 1TP. TELEPHONE: 01-236 1101 (32) ASSOCIATED SCOTTISH LIFE OFFICES, 23-ST. ANDREW SQUARE, EDINBURGH, EH2 1AQ. TELEPHONE: 031-556 7171



A banking bunker under fire

Robert Graham examines the entrenched position of Spain's largest bank

watched the steady infiltration Spanish economy.

The more liberal sectors of of foreign competition with the patient wrath of a cat observing a cheeky mouse. They have the key Spanish banks want to tolerated their presence, but bury their heads in the sand, have held back, waiting to hoping their existing privileges

Now, almost three years after operation of foreign banks in Spain, domestic bankers have made it clear that liberalisation of the system has gone far

Last month Barclays was grudzingly allowed to take over an ailing medium-sized commercial bank, Banco de Valladelid -but Citibank's plans to pur--but Citibank's plans to pur-chase nine finance houses were Pts 1,000bn (£5.4bn) and capital effectively blocked by the more and reserves of Pts 70.4bn. The conservative Spanish bankers. They find unacceptable the idea that the major international banks, with their more modern methods, tighter management sion. greater transparency, should begin to encroach upon their comfortable and highly profitable territory.

Given the strength of the banks in the Spanish economy and the weight of the banking lobby, it is surprising that this backlash should have been so long in coming. The banks remain enormously powerful and secretive institutions.

The private banks control directly or indirectly as much as 40 per cent of all industry. In particular, the seven large Jose Maria Aguirre Gonzalo. commercial banks have a predominant position through their the oldest active executive of a own wholesale investment sub- major bank anywhere in the

association of many of its

board with the Franco

regime. Banesto Bank has

acquired the reputation for

being one of the major

influence of the Franco cra.

"I know we are sometimes

called hunker Espanol de

Credito," Aguirre says with

a swile. The bunker is a

term used to describe the

But to put a label on

interests

repositories

entrenched

Franco.

of financial

SPANISH BANKERS have investments in all sectors of the

banking community and foreign bankers are now asking whether can be protected, or whether they are really prepared to face up to the challenges of the

Nowhere is this question more relevant than in the case of Banco Espanol de Credito-Banesto-Spain's largest bank and ranked 91st in the world.

At the end of 1980, Banesto bank enjoyed unprecedented expansion in the sixties and seventics but has suffered during the past four years of recession. It has also made two highly doubtful recent purchases. Banco Coca and Banco Madrid, which will take time to absorb

It also appears ambivalent about how to sustain its position as market leader, handicapped as it is by its inward-looking management approach. path that it pursues is of vital importance to the whole Spanish banking system, not least because it currently has a 12 per cent share of the market.

The bank, founded in 1902 in Madrid, is currently headed by who is aged 84 and may well be

He genuinely is a grand old

man of Spanish business.

Born in San Sehastian in the

Basque country, he started

his career as an engineer. In

1927 he formed a construction

company. Agroman, which

was the first to utilise modern

equipment in Spain. This is

now the biggest Spanish-

owned civil engineering com-

pany and the second largest

in Spain—and is still run

actively by him, over 50 years

later.
"I had to learn about bank-

ing when I was 44." he says.

This was in 1942 when he was,

His chief aide is Pablo de concentrate on the domestic since 1932 and whose father previously headed Banesto for almost 40 years. Other hoard members, all with illustrious financial, industrial and/or Françoist political connections. are also well advanced in years,

Aguirre became chief execulive 11 years ago. He denies having imposed his own personal stamp; the bank already had its individual style. Indeed, among the various executives there is considerable autonomy. Nevertheless. Aguirre's own sense of Basque thrift - the Basques have a reputation similar to the Scots — has ensured that Banesto is the sole large Spanish bank where there are no official cars.

Privileged

He also believes that the bank has no obligation to disclose information to the public about its activities—and Banesto is the least transparent of the major banks. It has yet to publish internationally audited accounts,

basis of Banesto's The strength has lain in its stature at the time of economic boom in the sixties and early seventies, and its privileged relationship with the Franco regime. This permitted solid growth and an equally solid reputation.

Thanks to its privileged position and its basically Spanish or local orientation, Banesto has preferred and still prefers to

medium-sized Basque bank,

Guipuzcoano. Then, the bank

had a system whereby each

board member took over as

executive head in rotation,

This struck him as in-

efficient and when he was

acting president he suggested

the system be changed in

favour of a permanent chief

executive. The hoard con-curred and since then he has

which he now charmingly refers to as "my cherished

hank." It is traditionally the

first Spanish hank to hold its

running Guipuzcoana.

changing each month.

Garnica, already in his seven-ties, who has been with the bank is the least involved in foreign exchange dealings and foreign branch or foreign bank owner-ship, and the only one not to have a branch in London.

Its stakes in banks outside Spain include 80 per cent in Union de Bancos de Uruguay and a much smaller share in Credit Commercial de France. At home it has a very extensive share portfolio of interests throughout the Spanish economy, largely through its investment Bandesco. Its investments also include the largest insurance company, Union y el Fenix, the refinery Petromed, the utility Sevillana, the special steel concern Acerinox, and the mining group Asturias de Zinc.

Despite this position of trength Banesto faces a strength number of problems. Firstly, the bank has expanded very fast, especially in the late seventies. In the space of three years it added nearly 500 new branches and it now has around 1,800. with some 21,000 employees - a huge workforce to accommodate at a time of accelerated mechanisation and in a sector where the unions are strong and their members

Secondly, this expansion has been carried out with seemingly mixed motives. There has been an enormous and continuing rivalry between Banesto and Banco Central for the first place in Spanish banking-a ranking based not necessarily on profita-

have, over the years, become

the benchmark for the tone

of comment in all subsequent

Because Banesto had a

that Aguirre be

stake in Gulpuzcoano it was

brought on to Banesto's board. In 1970, aged 73, he

became chief executive and

has been there ever since,

establishing himself as the

doyen of the Spanish bank-ing fraternity. His recipe for

continued good health is to

take three grammes of Vita-

min C and try to walk at

meetings.



Aguirre says he is on excellent terms with Alfonso Escamez who heads Bauco Central, but the two often indulge in oneupmanship—such as the time when Escamez timed a massive celebration in Seville to mark the opening of a Central financed mine, com-plete with King Juan Carlos banks: "I have got nothing and four ministers, the day against the presence of foreign Banesto was holding its annual

More seriously, this rivalry pushed Banesto into the hasty purchase of a bank. Banco Coca, in December 1977, that has proved problematical.

The Banco Coca purchase made the Coca family the principal shareholders in Banesto, with some 8 per cent of the stock. But irregularities in the Coca accounts discovered by the authorities caused major problems and none of the Coca family has yet taken their seats on the Board.

Then last year Banesto found itself obliged to take over Banco de Madrid, in which it already had a 17 per cent interest. This rescue operation cost it at least Pta 10bn, and in the 1980 accounts Banesto is likely to set aside around Pta 13bn to cover bad and doubtful debts.

It has escaped no one in the banking community that the motive for Banesto's presence in both these banks may not have been without political undertones, since the Coca family, and in the case of Banco de Madrid, the Castell family, plus the Marques de Villaverde, were closely connected with the former Franco regime.

Banesto also appears to be one of the Spanish banks and effective head of Banesto. adjusting most slowly to the liberalisation of the banking as anti illustrated last year when the Banesto's arm to sell its 38 per foreign banks pioneered the introduction of an acceptances

opposed this until the last but then stepped in and bettered the terms offered by the other banks—terms which other bankers believed could be justified only by a desire to point out that Banesto was the most powerful bank. Aguirre banks-but it would be better if they were not here."

This adjustment both to democracy and liberalisation is not easy for a bank like Banesto, which has led such a privileged existence. It is made more complex by the antiquity of its board and leadershipregardless of their qualifica-

Succession

As a result, there has been speculation over the succession for more than a year. Aguirre admits he cannot go on forever, but is adamant that there is no problem of succession. When retires he will be succeeded Garnica who has now been with the bank for 50 years. But although Garnica is already an influential figure

this would probably solve few of the problems of the bank's identity and direction which the banking community thinks should receive attention.

Such uncertainty about the future fuels speculation — such as that Jose Maria Ruiz Mateos, Spain's richest man and owner of Rumasa, the largest private holding company, wants to trade his banks (as a group the eighth largest entity in Spain) to become the major shareholder

At the moment this is unlikely to be accepted. Instead it seems atens is trying to twist cent stake in the sherry business, Domecq, which he would market on the bourses. Banesto dearly love to own.

Early retirement: what does it cost the employer?

BY ARNOLD KRANSDORFF

HOW DOES a company decide what to do with a loval and long-serving manager whose performance has dropped off, or whose skills have become re-dundant? Does one "produndant? Does one mote" him to a minor role, fire him, or retire him early?

According to a new study, premature retirement is seen by many companies in the UK as a socially acceptable way of removing individuals who are either redundant to the company's peeds or who are blocking future development. A quarter of the 61 companies in the survey reported that the retirement age had fallen by an average of around two years since 1975.

The survey, by Human Resources Management, a consultancy specialising in longterm planning and development, is based on the policies of a cross-section of major companies in the private manufacturing and service sectors, as well as several from the public sector.

The study found that in most of the companies the age of retirement specified for men in the pension scheme rules was 65. But the majority of managers retired early in nearly half the companies.

Managers were able request early retirement in almost all companies and a third said they would not refuse or delay an early retirement

When a manager was asked to retire early, three-quarters of the companies said they were prepared to increase the pension payable or make an ex gratia payment.

The study finds evidence. however, that many companies are uncertain about the finan-

and receives a reduced pension in accordance with the rules of the pension scheme, there is no net cost to the company. If, however, an individual retires early and, as indicated by the survey, receives an enhanced

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Swift and some with

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pension which is greater than that which he would have received on the basis of his contributions, then the financial implications are far more complicated.

"There can only be a saving if the individual is not replaced. If he is replaced, even at a lower level, there is the possibility that there will be a net overall cost to the company because the pension has to be funded by the com-

pany.

"The additional cost could be;
"The additional cost could be; considerable and it is uncer-tain from the results of the survey whether many companies are fully aware of the potential costs that early retire-ment may produce in the fund-ing of their pensions."

Paintul:

For nearly all the respondents the principal benefit of early retirement was said to be the opportunity for reorganisation, in many cases combined with improved opportunities for promoting younger managers.

The study points out that through the removal of relatively few individuals, early retirement allows the possibility significant reorganisation. And if early retirement is extended to a larger number of people. "headcounts can be reduced in a way which is far less. painful than with any other form of redundancy," it adds.

At present many companies are able to keep the boundaries of their early retirement policy ill-defined, the study suggests. "But they are likely to come under increasing pressure to be far more precise about their policy towards employees. When this happens companies will are uncertain about the finan-cial implications of early retire—attention—to—analysing the ment.—financial costs in more detail "If a manager retires early and to ensuring that the organisational benefits are measurable and significant, and that they are achieved."

Executive Early Retirement Survey, by Human Resources Management, 28 Square, London, WC1, Price £5.

least a kilometre every day.' Aguirre himself is often hard. annual meeting and Aguirre's asked to join the board of a

'A grand old man of Spanish business'

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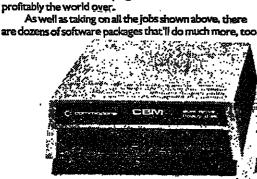
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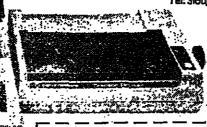




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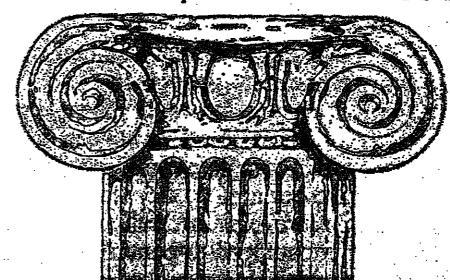
Finally, if you think that all this will set you back a small fortune, look below. Not only have we simplified business, we've simplified the cost of the system that you can depend on to do it. Commodore PET Business Systems start at around £2,000, or can be leased for less than £15.00 per week.

For the full story contact Commodore Information Services, PO Box 109, Baker Street, High Wycombe. Tel: Slough 741 1 I.



COMMODORE PET Quite simply, Britain's biggest selling microcomputer I'd like to know how a Commodore PET could

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A Pillar of the Greek

The National Bank of Greece is the largest banking institution in the Southern Mediterranean. It ranks among the fifty biggest Banks in the EEC. It controls a group of 25 companies - in banking, insurance, industry and tourism - which are among the largest and most profitable in the land.

The National Bank itself has 370 branches in Greece and 27

branches and offices abroad. It also controls 4 banking institutions abroad (with 15 branches) and 5 banking institutions at home. In 1979, deposits reached \$ 10 billions and almost 60% of banking transactions in Greece were conducted by the National Bank of

Doing business in Greece means doing business with the National Bank of Greece.

♣ 1979 - consolidated figures



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Building and Civil Engineering

Delta cranes above the gloom

outlook for the construction winds may occur. There are industry. Delta Plant Hire is to many other types of tower crane bring into the UK a range of suitable for general construclower cranes said to have far tion and civil engineering work. greater handling capacities than this type of equipment.

intended to compete with many of the large crawler and mobile cranes now in use.

Largest of the tower cranes will lift up to 102 tonnes and those available in this range are regarded as being particularly special types of heavy handling equipment.

Only two men are needed in the large steel stockyard to pick suitable for the bigger construc- out the required steel plates and tion jobs such as dams, oil rig sections and feed them via conplatforms and power stations, veyors to shotblasting and paint

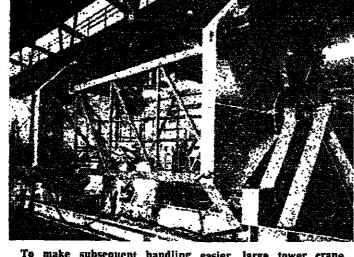
of the luffing jib tower type to 160 tower cranes and other which are designed to minimise heavy equipment produced the effect of wind and are use- annually. ful for operations in coastal A computer-controlled spare

almy

UNDETERRED BY the gloomy and other areas where strong

Peiner is building all these have so far been available with cranes at its plant at Peine, near The cranes are being built in Western Germany by Peiner Maschinen-und Schraubenwerke AG (a subsidiary of the big Salzgitter Group) and are workers there not only into the subsidiary of the big Salzgitter Group) and are workers there not only into the subsidiary of the subsidiary of the big Salzgitter Group) and are workers there not only into the subsidiary of the subsi Hanover, where thousands of workers there not only into tower cranes, but also straddle carriers, grabs, dock cranes and special types of heavy handling

Some of the cranes have hori-priming plants. The remaining zontal jibs extending to 81 718 workers are sufficient to metres which is quite a reach! carry out subsequent machining. Another group of cranes are welding and assembly of the 150



To make subsequent handling easier, large tower crane sections are first tack-welded on this purpose-made lig. Designed by Pelner, the jig will hold components measuring three metres by three metres.

parts store holds some ½m components, any one of which, the company boasts, will be sent off on the same day if the order is received before mid-day.

cranes in this country. Sales. hire and servicing will be carried out via three depotos and it is Delta's fervent hope that they will all be kept busy. There are very few major

Delta Plant Hire, which There are very few major reckons it is one of the biggest building and civil engineering operators in the tower crane contracts in the pipeline at the hiring and selling business, has moment, but Delta wants to signed an exclusive agreement make sure its hooks are ready with Peiner covering hiring and when the long-awaited turn-sales of the latter's newest round comes.

Mowlem starts on Truro factory

engineering contracts in the ing to house a new telephone West Country totalling more exchange in New Street, Penthan £1.9m have been awarded zance, for the South-West Teleto the Mowlem Group subsidiary E. Thomas and Co. At Threemilestone, Truro, the company has begun work on a 900 sq metre single-storey factory due for completion this summer. The is worth about

At Penryn, near Falmouth. work has begun on a £265,000 contract to erect 20 small workshops in two terraces at the Kernick Road industrial estate. At Nancegollan, near Helston, six advance workshops will be built under a £115,000 contract At Exeter Road industrial estate, Okehampton, 10 factory units valued at £165,000 will be

The biggest contract, worth

refurbishment

A FACTORY at Peterlee, Co.

Durham, is to be rehabilitated by the Newcastle branch of Wimpey Construction UK

under a contract worth about

£522,000 awarded by the Peter-lee Development Corporation.

It comprises the refurbish-

ment of the production area,

offices and ancillary accommo-

dation, including internal and external decoration, electrical

and mechanical services, the

building of a new loading bay

canopy, and the laying of car

parking and heavy lorry turn-ing areas. Completion is due

Construction

Peterlee

factory

Wimpey

dry dock under a £400,000 condue next autumn.

£525.000.

of £350,000.

office block built in the early civil £637,000 is to construct a build-1960s, with a gross area exceedcommunications Board. Completion is due in the summer of next year and British Telecom

modernising Penwith District Council's offices under a next autumn. EIC is also at £122,000 contract. Thomas includes the modernisation of a butter packing room for St. Ivel (£75,000) and, at Devenport Dockyard, civil

tract awarded by the Property Services Agency. Completion is

ing 25,000 sq ft. Another Mowlem Group company, Ernest Ireland Construchopes to bring the new

tion, has won two contracts together worth £1.6m. At Yate, north of Bristol, Tesco has awarded £950,000 to fit out a exchange into operation in 1984. new supermarket now under Also in Penzance, Thomas is construction. Completion is due work on a £320,000 civil Other work obtained by E. engineering contract to improve road access to the shopping

development at Yale. At Basing View, Basingstoke, EIC has won a £600,000 sub-conengineering work in an existing tract from the process plant constructors Snamprogetti to build the reinforced concrete frame of a new eight-storey headquarters building for the In Plymouth, the company is company. Competition is due modernising Mutley House, an early next year.

Bullock set for £3.5m

work in West Midlands SEVERAL CONTRACTS worth Contracts in North East a total of £3.54m have been won England include Thornaby by D. T. Bullock and Company. interceptor sewer extension at Ingleby Barwick for The North-Among contracts awarded in umberland Water Authortiv the Midlands is one at Stafford (£467.000) and alterations and for Wolverhampton and Dudley extensions to form a fire service Breweries. The work is at the

training school at Teesside Airport for the Civil Aviation Authority (£466,000). Garth Hotel and includes the construction of a bedroom block together with alterations and Two contracts are being extensions to the existing undertaken for Middlesbrough premises. The contract is worth Council, one for the modernisation of 90 council houses at Another contract is for the Acklam and Whinney Banks modernisation of 54 council Improvement Area (£939,000) and the other for the construction of 34 dwellings and houses at Coseley for Dudley Metropolitan Borough at a cost

five shops (£790,000).

presentation theatres and a restaurant. Completion is due in September. At Westway, North Kensing ton, under a £475,000 contract awarded by the Inner London Education Authority, the company will build extensive sports facilities for local schools and the community. The floodlit outdoor facilities will include games pitches, a long jump and

Capital

contracts

a running track. Completion is due in November. Two contracts awarded by the Metropolitan Police, comprising work at Kings Cross and Marylebone police stations, are valued at about £500,000. They include the refurbishment of present accommodation

Engineering contractors to the

oil,gas,chemical,

process and

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industries.

William Press Group Tcl.01-353 6544

IN LONDON contracts totalling fl.4m have been awarded to

Miller Buckley. Under a

£500,000 contract with Grey

Advertising the company will completely refurbish Grey's

Argosy House, a multi-storey office complex in Great Port-land Street, W1. The 35,000

sq ft of floor space in the building will then comprise a foyer and reception area, offices,

Laing Group wins contracts near £10m

COMPANIES in the John Laing Field platform fabric mainten-Group have been awarded con- ance contract awarded by BP tracts approaching £10m. In Petroleum Developments. The Belfast, more than 200 homes company will provide overall are to be renovated and 30 new project management as well as houses built at Upper Duncairn skilled craftsmen. Completion under a contract worth more is due in September. than £4.2m awarded by the Degrement Laing has won a Northern Ireland Housing £600,000 turn-key contract for Executive. Work has begun and completion is due in about plant at the Woodmansterne three years. In the initial phase, water treatment works in 216 bricked-up houses, many of which have stood derelict for by the Sutton District Water years, are to be gutted and re- Company, provides for plant to years, are to be gutted and rebuilt inside the existing walls. filter

In Peterborough, a £2m fitting-out contract awarded by British Home Stores starts the final phase of work on the £33m Queensgate shopping centre. The 97 shops and six major stores in the Queensgate Centre are to due to open in the spring of next year,

and Construction has begun retention periods work offshore on a £3m Forties washes.

the installation of a filtration Surrey. The contract, awarded lime-softened before distribution to the consumers. The filters will be totally enclosed to prevent con tamination of the water.

The plant comprises four Degremont Aquazur dual-media filters, a pump control room, a contact tank and a wash-water holding tank. The filters use anthracite and sand to permit Laing Industrial Engineering high-speed filtration and long

Facelift for Strathclyde University library

THE SCOTTISH division of cal services have been received Haden Young has been awarded from Chivas Brothers, Paisley, contracts worth more than £2m. and BP at Dyce. The company's They include one valued at Aberdeen subsidiary, Haden £830,000 for the installation of Offshore, has won more than **ven**шацоп ало conditioning in the library Occidental Petroleum for heat-extension at Strathclyde Uni-ing, ventilating and air-condi-

In Glasgow, the company has Piper and Claymore offshore won a £170,000 contract to platforms. improve the insulation and heating control system at the existing contract to provide District Council's public baths, installation engineers to Shell Also in Glasgow, heating and Expro for work on its North ventilation services will be Sea platforms. installed in the banking hall Another recently-formed at the Charing Cross branch of Haden subsidiary, Haden Industhe Clydesdale Bank under a trial Engineering, has built up

contract valued at £84,000. Other orders for the installa- ing the improvement of exist-tion of mechanical and electri- ing abattoirs

an order book worth flm, cover

Defending Canvey Island

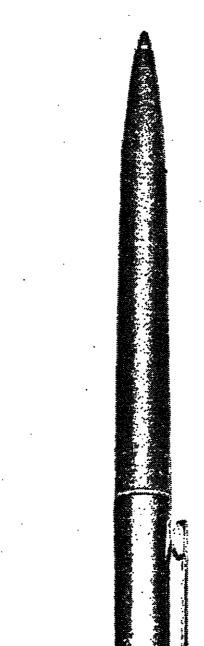
ments will be carried out in some 50,000 cu metres of Castle Point District. Canvey Island, Essex, under a £2.9m in a contract period of about contract awarded to Tilbury 18 months, due to start this Construction by the Essex River Division of the Anglian Water Authority. Situated along the south and west banks of Smallgains Creek, the works will form part of the measures. to protect Canvey from flooding caused by tidal surges in the

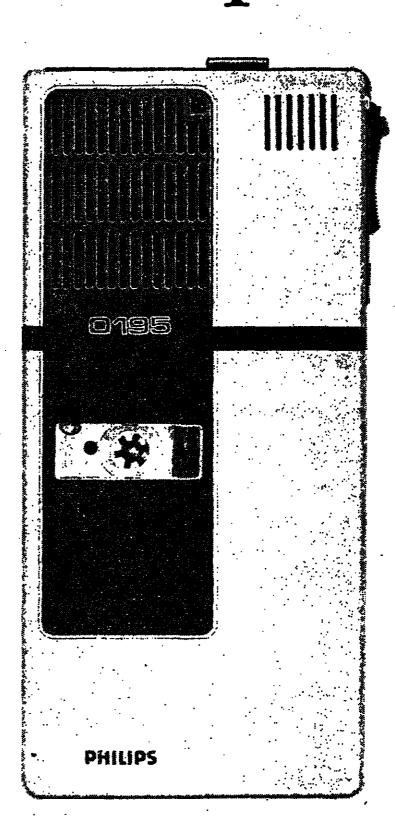
DEFENCE improve- concrete-encased wall, including earthworks and fill, are required

tioning systems on both the

It has also renegotiated an

A second contract, valued at about £600,000, has been placed with Tilbury's Belvedere office by the Mobil Oil Company for drainage improvement at its Coryton refinery. Work began at the end of last month and is





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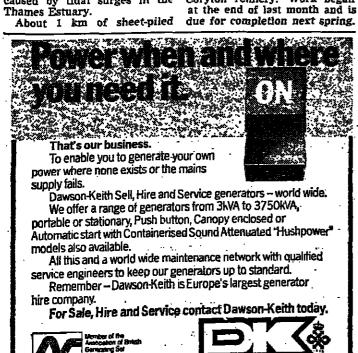
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The subscription list for the Floating Rate Unsecured Loan Stock 1981/1985 of Electra Risk Capital P.L.C. ("the Company") now being offered will open at 10 a.m. on Friday, 24th April, 1981 and will close at any time theresiter on the same day. Copies of this Prospectus, having attached thereto the documents specified below, have been delivered to the Registrar of Companies for registration.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omit would make any statement herein misleading-

The Company does not intend to apply for the Stock to be listed on any stock exchange or permitted to be dealt in on the Unlisted Securities Market.



Offer for subscription by the public

L. Messel & Co.

on behalf of the Company

of up to £20,000,000 Floating Rate Unsecured Loan Stock 1981/1985 at par

£50,000

Created

up to £20,000,000

The subscription price for one half of the Stock allotted will be payable in full on application and the balance of such Stock will be allotted nil-paid, payment therefor to be made in full by 3 p.m. on 30th April, 1982. The procedure for and conditions of application are set out at the end of this Prospectus. Each application must be made for, and each successful applicant will be allotted, equal amounts of fully-paid and nil-paid Stock.

The Stock now offered will not entitle the holders thereof ("Stockholders") to interest in respect of any period prior to 1st May, 1982.

The offer is not underwritten, and acceptance of applications will be conditional upon applications being duly made for not less than £7,500,000 nominal of Stock in aggregate, together with due payment of the amount payable in respect thereof on application, on or before 24th April, 1981.

Share capital Authorised in Ordinary Shares of £1 each

Loan capital

Floating Rate Unsecured Loan Stock 1981/1985

Now being issued up to £10,000,000 (fully-paid) and up to £10,000,000

Issued and fully-paid

£50,000

--

<u>.</u>...

Save as aforesaid, the Company has no loan capital (including term loans) outstanding or created but unissued and no mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

Directors Michael Craig Stoddart, Chairman Electra House, Temple Place, Victoria Embankment, London WC2R 3HP. Gordon Douglas Dean, Managing Director Electra House, Temple Place, Victoria Embankment, London WC2R 3HP. Christopher Douglas Collins,

Hawthorn Farm, Great Missenden, Buckinghamshire HP16 ORL. Terence Orby Conran, Barton Court, Kintbury, Berkshire RG15 OSA.

David James Scott Cooksey, Denork, St. Andrews, Fife KY16 8NZ. Robert Gavron, 47-58 Bastwick Street, London EC1V 3PS.

Michael Edward D'Arcy Walton, Electra House, Temple Place, Victoria Embankment, London WC2R 3HP. Secretary and Registered Office John Penberthy Craze, A.C.I.S., Electra House, Temple Place, Victoria Embankment, London WC2R 3HP.

Brokers L. Messei & Co., P.O. Box 521, Winchester House, 100 Old Broad Street, London EC2P 2HX. Receiving Bankers National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens,

12 Throgmorton Avenue, London EC2P 2BD. Registrars and Transfer Office Tyndall Managers Limited, 18 Canynge Road, Bristol BS99 7UA.

Bankers National Westminster Bank Limited, 15 Bishopsgate, London EC2P 2AP.

Auditors and Reporting Accountants Deloitte Haskins & Sells, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

Solicitors to the Company and to the Offer Travers Smith, Braithwaite & Co., 6 Snow Hill, London EC1A 2AL

INTRODUCTION

The Company is a wholly-owned subsidiary of Electra Investment Trust Limited ("EIT") and has been established to enable individuals to invest directly in unlisted trading companies under arrangements designed to ensure that:-

(a) professional and experienced management will be employed to select, investigate, negotiate and monitor suitable investments;

(b) a substantial fund will be available so as to give investors the benefit of a f risk in potential growth inves seeking equity finance; and

(c) any loss on such investments will qualify for relief from income tax in accordance with Section 37, Finance Act 1980 ("Section 37"), whereas gains will be subject only to capital gains tax.

The investment policy will be to subscribe equity capital for the development of unlisted trading companies ("target companies"). The emphasis will be on capital growth and dividends are likely to be minimal.

In order to establish a fund available for investment, the Company will initially issue to potential investors up to £20,000,000 Floating Rate Unsecured Loan Stock 1981/1985 ("the Stock"). As and when suitable investments become available, appropriate amounts of the Stock will be redeemed pro rata, and the proceeds will automatically applied in making the relevant investments in the name of and on behalf of the investors. The investments will thereafter be held by the Company as nominee, during which time voting and certain other rights and powers over them will be exercisable by the Company including power to sell the investments on behalf of investors. When investments are admitted to the Official List of The Stock Exchange or become permitted to be dealt in on the Unlisted Securities Market, they will be released into the direct control of investors.

Facilities will exist for an individual investor to dispose of his investments before they are released into his control, and of his Stock, subject to certain limitations and constraints; these arrangements are described below.

The Company does not at present plan to seek investments qualifying for the "business start-up scheme" income tax relief announced by the Chancellor of the Exchequer in his Budget Statement, further details of which are contained in the recently published Finance Bill. It is evident that the conditions applicable to the proposed relief are extremely restrictive. Should the conditions be significantly relaxed during the passage of the Finance Bill through Parliament, the Company will reconsider the position and will in any event seek the prior approval of Stockholders before seeking to make investments attracting the relief.

The advantage of investing through the Company is that an individual investor acting alone is likely to :---

(a) lack the time and expertise to select and research suitable target companies and to negotiate and monitor the investments;

(b) be unable to attract potential target companies seeking equity finance, when

he is unaware of their existence or requirements; and (c) have difficulty in ensuring a wide spread of suitable investments in unlisted companies. Investment through the Company is designed to overcome these difficulties and at the same time to preserve for the individual investor the benefits

of Section 37, details of which are set out below.

Advantages and Disadvantages of Unlisted Investments In recent years there has been a revival in investment demand for shares in small listed companies, and institutional investors have regarded responsible investment in such companies as providing potential for above average growth. Many of the considerations encouraging concentration on small listed companies also apply to unlisted companies. For example, it is generally easier for a company earning profits of £250,000 to double its profits, than for a company earning £25,000,000. It is frequently the case that shareholding control of small companies is held by their executive directors, giving an incentive which is not normally available to professional management in large listed organisations. Furthermore, small units of production generally facilitate communication between management and work force and are often able to react more quickly to economic and commercial trends than large companies.

The advantages of investing in small companies are to some extent offset by corresponding dangers. Small companies may find it difficult to recruit and retain top class management, and may be less well able to survive a continuing loss-making period than large companies with substantial reserves. In the absence of a listing, shares in small companies are significantly less marketable. However, a fund manager who is aware of the advantages and disadvantages of small companies can sift effectively the opportunities that occur, and in the case of unlisted investments, negotiate terms of purchase which will reflect their lack of marketability. Moreover the impact of any losses on investments in unlisted companies may be reduced substantially for an individual who can avail himself of the benefits of Section 37.

It is evident that despite the increasing interest in investment in unlisted companies many such companies have been unable to obtain capital in the form they need to reinforce and accelerate their growth. In particular, it has often been difficult for newly-established or small companies seeking capital to satisfy the income requirements of institutional investors. This difficulty will not, however, apply in the case of the Company, which will be a source of investment structured primarily to achieve capital growth, and, unlike EIT and the majority of other institutional investors in this field, will not be seeking an income return on behalf of the investors whom it will represent. The objective will be to seek equity investment in fast growing companies. Because no income will be sought from such investments, the Company should be able to negotiate more advantageous terms for Stockholders than would be available to an investor seeking dividends; and the absence of the requirement to pay dividends will enable the target company to retain profits after tax and reinvest them in its business, which should accelerate its growth.

The Company will seek to create a diversified portfolio of investments in target companies. Not more than 10 per cent, of the nominal value of the Stock issued will be invested in any one Electra Investment Trust Limited

The Company has the management support and the benefit of the expertise of EIT. Nevertheless the Board of the Company is independent and the services of the managing director are exclusive to the Company. This structure, coupled with the different investment requirements of EIT, is designed to ensure that no significant conflict of interest will arise between the Company and EIT, although in some cases EIT will also make investments in the same company. EIT is a listed approved investment trust which at 28th February, 1981 had a net asset value of £98.4 million. At that date its investment portfolio was valued at £104.3 million, including nts valued by the Directors at £36,2 million. The management of EIT has for the last six years been making investments in unlisted companies, which has involved selecting, investigating and negotiating such investments and subsequently monitoring their progress. It is currently seeking to make minority equity investments in unlisted companies of at least £350,000 per investment. As a result of its known interest in this field, EIT receives a substantial number of proposals for unlisted investments from merchant banks, stockbrokers and financial intermediaries, as well as directly from entrepreneurs and owners of businesses. It has invested some £14.3 million in 64 unlisted companies in the financial year ended 31st March, 1981.

It is a normal requirement of EIT that its investments in unlisted companies should be capable of yielding dividends on an increasing basis, enabling it to maintain a similar dividend policy for EIT stockholders. Over the five years ended 31st March, 1980 EIT increased its annual dividend by more than 20 per cent. per annum compound. It is noteworthy that three of EIT's most successful holdings were originally unlisted investments and have subsequently obtained a listing (Akroyd & Smithers Limited, acquired in 1974 to 1975 at a cost of £460,000 and valued at 28th February, 1981 at £1,930,000, Mercantile House Holdings Limited, acquired in 1974 to 1975 at a cost of £718,000 and valued at 28th February, 1981 at £3,690,000 and Clyde Petroleum Limited, acquired in 1975, 1976 and 1980 at a cost of £454,000 and valued at 28th February, 1981 at £2,718,000). These successful investments, which should not be regarded as typical of the growth in value of shareholdings in unlisted companies, illustrate that despite the greater risk of this type of investment compared to listed securities, the rewards for successful selection can be substantial.

Mr. Michael Stoddart, aged 49, is Chairman of the Company. He is also chief executive of EIT and before taking that appointment in 1973 was joint chief executive of Singer & Friedlander Limited for two years, in addition, he is a director of a number of other public and private companies and has for many years been closely involved with investment in and the develop-

Mr. Gordon Dean, aged 43, is Managing Director of the Company. He has for many years been concerned with the provision of permanent and long-term capital for unlisted companies, and was for some years a director of Gresham Trust Limited. Mr. Christopher Collins, aged 41, was the managing director and controlling shareholder of

Goya Limited and subsequently a director of that company when it became a subsidiary of Imperial Chemical Industries Limited. He is currently the managing director of C. D. Collins

Mr. Terence Conran, aged 49, is chairman of Habitat Design Holdings Limited and chairmandesignate of J. Hepworth & Son Limited. He was, until 1970, the chief executive of Ryman

Mr. David Cooksey, aged 40, is the managing director of Intercobra Limited, which he acquired in 1971 from The De La Rue Company Limited, the parent company of his former employer, Formica International Limited. He was chairman of the working party set up by the C.B.I. to develop the C.B.I.'s policy for encouraging equity investment in new and small companies, and is a member of the Scottish Economic Council. He is also a director of Advent Management Limited, the managers of Advent Technology P.L.C. Mr. Robert Gavron, aged 49, is chairman and founder of St. ives Group Limited. He is a

director of Octopus Books Limited. Mr. Michael Walton, aged 37, is a director of EIT and has, for the last six years, been closely involved with the development of its portfolio of unlisted investments in the U.K. and overseas. Apart from Mr. Dean, all the Directors are non-executive directors of the Company, although

Mr. Stoddart and Mr. Walton are executive directors of EIT. PROVISIONS OF SECTION 37, FINANCE ACT 1980

Section 37 provides that where an individual who has subscribed for shares in a qualifying trading company incurs an allowable loss (for capital gains tax purposes) on the disposal of the shares he may claim relief from income tax on an amount of his income equal to the amount of the loss. The tax relief is applied so that any loss sustained by an individual reduces first his or her earned income, then his or her other income, then (where applicable) his or her spouse's earned income and then the spouse's other income. The relief can be claimed on the basis that the loss is set against the income of the year of assessment in which the loss is realised and/or of the following year of assessment, the claim to be made within two years after the end of the year of assessment for which relief is claimed. Insofar as relief for an allowable loss is given against income it cannot also be given against capital gains. Further details of Section 37 are set out

The recently published Finance Bill includes provisions permitting certain investment companies to benefit from a corresponding relief against corporation tax on their profits. Since the Finance Bill will not be passed into law for some months and benefits corresponding to Section 37 would generally be of less significance to corporate investors, this Prospectus describes the taxation position of individual investors only. Any investment company which contemplates applying for any Stock and investing through the Company is strongly advised to

take professional advice on its likely tax position. The Company will seek to ensure that investments which are made on behalf of individual investors as described below will be made in companies which satisfy the relevant conditions of Section 37, but it disclaims liability for any loss or damage suffered by any investor or other person in consequence of any loss on an investment in a target company not qualifying for tax relief under Section 37. Investors who are in any doubt as to the effect of the Section in the

light of their particular circumstances are recommended to consult their advisers. ADVANTAGES TO INDIVIDUALS OF SECTION 37, FINANCE ACT 1980

Individuals are currently liable to U.K. taxation on earned income at a rate of up to 60 per cent, and on investment income at a rate of up to 75 per cent, whereas the maximum rate of U.K. capital gains tax is currently 30 per cent. Where Section 37 does not apply, capital losses on disposal of investments therefore qualify for tax relief at a maximum of 30 per cent. Section 37 gives an individual investor the opportunity, not previously available to him, of offsetting losses on investments against income which is subject to income tax. The consequence of realising a loss which qualifies for relief under Section 37 is therefore than would otherwise be the case, as illustrated by the following table:-

	Where relief is at Capital Gains Tax		iection 37 ief is
	rate of:	at Inco	me Tax of:—
	30%	60%	<i>75</i> %
	£	£	£
Cost	100	100	100
Realisation	Nii	Nil	Nil
Loss	100	100	100
Tax Relief	30	60	75
Net loss after tax relief	£70	£40	£25

Where the taxpayer does not have available sufficient capital gains (but does have sufficient income) against which to set capital losses, the advantages of Section 37 are even greater. Section 37 will therefore enable a taxpayer with a spread of investments to reduce the net loss to which he is at risk without reducing the potential net gain which he may realise. The table below illustrates the net gain (or loss) to an investor who makes ten investments of £1,000 each which, in the case of "Winners", treble in value and, in the case of "Losers", become worthless, with varying ratios of "Winners" and "Losers" and with comparisons of the positions where losses are subject to relief at the respective rates indicated. In all three cases it is assumed that gains are taxable at the Capital Gains Tax rate of 30 per cent., and no account is taken of the enefit of the exemption in respect of the first £3,000 of chargeable gains in each fiscal year.

	Whère relief is	Where Section 37 relief is				
Winners:	at Capital Gains Tax Rate of 30% Net Gain	at income Tax Rate of 60% Net Gain	at Income Tax Rate of 75%			
Losers Ratio	(Loss) £	(Loss) £	Net Gain (Loss) F			
9:1 7:3	11,900 7.700	12,200 8.600	12,350 9,050			
5:5	3,500	5,000	5,750			
3:7 1:9	(700) (4,900)	1,400 (2,200)	2,450 (850)			

method of investment in target companies

It is intended that the moneys raised by the issue of the Stock will be applied in making investments in accordance with the relevant conditions of Section 37 as soon as reasonably practicable. The Company will select and investigate target companies and negotiate the terms of subscription on behalf of Stockholders, arranging (where appropriate) for the reorganisation of the share capital of the target company, modifications to its Articles of Association and entry into of shareholders' agreements. Investments in each target company will be subscribed in the name and on behalf of all Stockholders pro rata to their holdings of Stock, subject to any adjustment to avoid fractional share entitlements ansing. The funds to be invested will be provided by the proceeds of redemption of the Stock, which the Company will redeem in the amounts and at the times appropriate to meet investment requirements. It is a condition of subscription for the Stock that the Stockholder interocably authorises the Company, at any time or times and without notice to him, to apply all or part of the redemption proceeds accordingly. After each investment is made the Company will monitor its performance.

By way of example, if the total Stock subscribed is £20,000,000 and if after eighteen months 0,000,000 Stock has been redeemed and the proceeds invested, as to £400,000 each, in 25 target companies, an individual who had subscribed £10,000 Stock would then own £5,000 Stock and 25 investments for which he would have paid £200 each.

To the extent that any Stock remains outstanding on 30th April, 1985 it will then be redeemed at par and the proceeds will be paid to Stockholders. Pending redemption, the subscription proceeds of the Stock will be invested by the Company in short-term securities and deposits. Interest will be payable to Stockholders as from 1st May, 1982 as provided under "Particulars of

administration of investments in target companies

To simplify their administration, investments in target companies subscribed with the proceeds of redemption of Stock will, following subscription, be transferred to the Company as a nominee for the individual subscribers ("Beneficial Owners"). It will be a condition of subscription for the Stock that the holder irrevocably authorises the Company to appoint an agent for the purpose of executing in the holder's name transfers in favour of the Company and further rrevocably authorises the Company to :--

(a) exercise voting rights in respect of the investments on his behalf as the Company in its absolute discretion decides:

b) receive any dividends or distributions in respect of the investments on his behalf; (c) sell or dispose of the investments in any target companies in whole or in part, in common with the investments of all other Beneficial Owners in such target companies (or a proportionate part thereof), when the Company thinks fit, the net sale proceeds to be payable to him: and

(d) agree to certain transactions or arrangements for exchange or reconstruction in respect of the investments, as set out in the Instrument constituting the Stock.

Disposal of Investments of all Beneficial Owners in a Target Company to Electra Investments Limited

It is envisaged that in certain circumstances the Company may believe a disposal of all investments in a target company to be in the best interests of the Beneficial Owners but no purchaser of such investments on appropriate terms is available. To overcome this problem, Electra Investments Limited ("the Ultimate Purchaser"), a wholly-owned subsidiary of EIT, has undertaken to the Company (under Contract (1) below) that it will purchase, at a price reflecting an up-to-date valuation of independent chartered accountants nominated by the Company, all the investments of Beneficial Owners in a particular target company when so required by the Company. This undertaking is subject, however, to the aggregate cash consideration payable by the Ultimate Purchaser pursuant thereto and to the undertakings referred to under "Commitment by Electra Investments Limited to Purchase an Individual's Stock and/or Relevant Investments

Continuation

Transferability of Ownership of all Relevant Investments of an Individual Apart from disposals as referred to above, the ownership of investments in target companies acquired with the proceeds of redemption of part of the Stock and not (i) for the time being listed on a recognised stock exchange or permitted to be dealt in on the Unlisted Securities Market or (ii) the subject of a notice by the Company or an Extraordinary Resolution of Beneficial Owners terminating the restrictions on transfer as referred to below ("relevant investments") will only be transferable as follows:--

(a) as to the entire beneficial interest of a Beneficial Owner in all (but not some only) of his relevant investments, to any transferee or joint transferees on terms that (i) those investments remain registered in the name of the Company and (ii) the transferee(s) confer(s) on the Company (in a form prescribed by the instrument constituting the Stock) authorisations relating to voting rights, receipt of dividends and sale of disposal of the investments equivalent to the authorisations previously conferred on the Company in respect of the transferor, as mentioned above. Except when (i) such transfer is made concurrently with the transfer of the Beneficial Owner's Stock and to the same transferee or (ii) all Stock of the Beneficial Owner has been redeemed, the transfer will not be effective unless an instrument of transfer (in a form prescribed by the instrument constituting the Stock), expressed to take effect on a permitted transfer date (as defined in paragraph 3 under "Particulars of the Stock" below), is lodged, duly stamped, at the Company's transfer office not more than 60 days nor less than 14 days before the permitted transfer date; or

(b) as permitted by the Company which may in its absolute discretion withhold permission or grant it subject to conditions.

A transferee or transferees having acquired the beneficial Interest in relevant investments pursuant to (a) above (or, if agreed by the Company, (b) above) will be permitted to transfer ms in the same circumstances and to the same extent as apply to transferability by Beneficial Owners as stated above. It should be noted that a transferee of any relevant investments will be unable to obtain relief

under Section 37 in respect of any loss realised subsequently in respect of such investments except where the transferee acquires the investments from his or her spouse during the spouse's litetime and the spouse would have been able to obtain such relief had he or she retained the investments until realisation of the loss.

Termination of Restrictions on Transfer

The Beneficial Owners will have power at any time by Extraordinary Resolution (as defined in the Instrument constituting the Stock) to terminate, in respect of any specified target companie all restrictions on transfer (other than those contained in the relevant Articles of Association) and all authorisations and discretions conferred on the Company in respect of the investments of Beneficial Owners in such target companies. Those restrictions, authorisations and discretions in respect of any relevant investments will also terminate on service by the Company of notice on Beneficial Owners to that effect or upon such investments becoming quoted on a recognised stock exchange or permitted to be dealt in on the Unlisted Securities Market.

Upon termination of the restrictions, authorisations and discretions referred to in the preceding paragraph in respect of investments in any target companies, those investments will be transferred by the Company to the Beneficial Owners respectively entitled to them and the undertaking of the Ultimate Purchaser referred to under "Commitment by Electra Investments Limited to Purchase an Individual's Stock and/or Relevant Investments" below will cease to apply in respect of such investments except to the extent that prior to such termination there have been delivered to the Ultimate Purchaser any instruments of transfer in accordance with the terms of that undertaking.

Valuations, Statements and Dividends

Relevant investments in each target company will be valued as at the end of each of its financial years by independent chartered accountants (being the auditors of the target company or, at the option of the Company, another firm of chartered accountants nominated by the Company).

Beneficial Owners will be sent half-yearly in June and December statements containing particulars of their relevant investments, the first statement to be sent in December 1981. Particulars sent in June will be accompanied by annual statements of acquisitions and disposals of such investments, made up to 5th April in each year and furnishing information as normally required for the purposes of tax returns of Beneficial Owners. Any dividend income receive from target companies up to 5th April in each year will be distributed to Beneficial Owners (with associated tax credit vouchers) in the following June.

Meetings of Beneficial Owners will be convened annually in July, the first to be held in July

COMMITMENT BY ELECTRA INVESTMENTS LIMITED TO PURCHASE AN INDIVIDUAL'S STOCK AND/OR RELEVANT INVESTMENTS

The Ultimate Purchaser has undertaken to the Company under Contract (1) below that subject to the aggregate limit on the Ultimate Purchaser's commitments referred to below, it will

(a) the outstanding holding of Stock of any Stockholder in the circumstances and on the terms and conditions set out in paragraph 3 under "Particulars of the Stock" below, the cash purchase price being 95 per cant. of the paid up nominal value of the Stock purchased;

(b) the entire beneficial interest in all relevent investments of a Beneficial Owner who wishes to sell the same and delivers to the Ultimate Purchaser a duly executed instrument of transfer in a form prescribed by the Instrument constituting the Stock and, where appropriate, expressed to take effect on a permitted transfer date (as referred to above) which is not more than 60 days nor less than 14 days after the date of such delivery, the cash purchase. price being 90 per cent of the value of such investments based on the latest annual valuations of independent chartered accountants (as referred to under "Valuations, Statements and Dividends" above) or of cost where no valuation has yet been made.

This undertaking (which, in respect of (b) above, will cease to apply as mentioned under Termination of Restrictions on Transfer" above) will therefore enable a Stockholder or Beneficial Owner who wishes to sell his Stock and/or relevant investments, but who is unable to find a buyer on appropriate terms, to sell the same at any time at the respective prices indicated above. This is subject, however, to the aggregate cash consideration payable by the Ultimate Purchas pursuant to such undertakings and to the undertaking referred to under "Disposal of Investments of all Beneficial Owners in a Target Company to Electra Investments Limited" above not exceeding £18,000,000. The Company will procure the performance by the Ultimate Purchaser of its undertakings referred to in this Prospectus.

MANAGEMENT FUNCTIONS, EXPENSES AND REMUNERATION

In performing its management functions the Company intends to call on the services of EIT and its associated companies. Registration and administrative services relating to the Stock and relevant investments will be provided by Tyndall Managers Limited ("Tyndall") under a contract with the Company (Contract (2) below). Tyndall is a wholly-owned subsidiary of Globe Investment Trust Limited ("Globe") which owns a 26.7% interest in EIT. Globe, through another wholly-owned subsidiary, supplies management and general administration services on a commercial basis to EIT and its subsidiaries.

The income derived by the Company prior to 1st May, 1982 from investment of the subscription. proceeds of the Stock will, after defraying management expenses, be applied in or towards recouping the expenses of the issue. It is expected that from 1st May, 1982 the rate of interest earned by the Company on such investment will amount to approximately 3½ percent perannum more than the rate of interest payable to Stockholders on the equivalent amount of Stock. In addition to selecting, investigating, negotiating and monitoring investments and otherwise carrying out the management obligations for which it is responsible to Beneficial Owners, the Company will, where appropriate, give advice to target companies to facilitate the enhancement in value and the eventual realisation or full marketability of relevant investments. The Company proposes to charge target companies fees for its services, to be negotiated in each case, such fees being intended to compensate to some extent for the decline in the Company's income resulting from gradual redemptions of Stock.

The Company reserves the right to negotiate with each target company the grant for a nominal consideration of an option for the Company or EIT to subscribe for investments of up to 15 per cent of the value of such investments in that company subscribed by Beneficial Owners and at the same subscription price, it is intended that any such option will be exercisable at any time prior to the earliest of (a) the tenth anniversary of the date of its acquisition, (b) the disposal of all relevant investments in that target company, (c) the grant of quotation on a recognised stock exchange in respect of investments in that target company and (d) the grant of permission for dealing in such investments on the Unlisted Securities Market. The Company and EIT intend that following the exercise of any such option they would participate in any subsequent disposal of investments in the target company as mentioned in (b) above or in connection with either of the transactions in (c) and (d) above to the same extent as would apply if they held their investments in the target company as Beneficial Owners. EIT may in any event invest

independently in target companies.

The arrangements regarding fees and benefits receivable by the Company and EIT have been arrived at after consideration of the estimated expense of investigating and dealing with a large number of small investments and of administering investments which must be owned by Beneficial Owners directly in order to comply with the conditions of Section 37.

CHANGES IN LAW OR REVENUE PRACTICE

If the Directors of the Company consider that any modifications to the arrangements set out above are appropriate in the light of any change in the law or revenue practice, for which approval of Stockholders and/or Beneficial Owners would be necessary or desirable, a meeting or meetings will be convened for the purpose of obtaining such approval by Extraordinary

The first accounts of the Company will be for the period from the date of incorporation to 31st March, 1982 inclusive.

ACCOUNTANTS' REPORT The following is a copy of a Report received from Deloitte Haskins & Sells, Chartered Accountents, the Auditors and Reporting Accountants:-

P.O. Box 207. 128 Queen Victoria Street. London EC4P 4JX 9 April, 1981.

To: The Directors, Electra Risk Capital P.L.G.

Electra Risk Capital P.L.C. was incorporated on 10th March, 1981 and has not yet prepared any accounts for submission to members and has not declared or paid any dividends.

Yours feithfully, DELOTITE HASKINS & SELLS, Chartered Accountants.

FURTHER DETAILS OF SECTION 37, FINANCE ACT 1980 For Section 37 relief to exply all of the following conditions must be existed (the headings before being for

Subscription by U.K. Resident Individual

The investment must be in the form of a subscription for Ordinary share capital by an individual who would be
The investment must be in the form of a subscription for Ordinary share capital by an individual is treated
Sable to U.K. capital gains to in respect of a gain realised on the disposal of the investment. (The individual is treated
as having subscribed for the shares if his or har spouso does so and then transfers them to him or her during the thactiption by U.K. Resident Indivi

Company Rosident in the U.K.

pany research may 1,1.
The target company must have been resident in the U.K. for tax purposes throughout the period from its provide until the dam of the disposal of the investment.

The target company's Ordinary stars capital must not have been quoted on a recognised stock exchange (which does not include the Unlisted Securities Market of The Stock Exchange) at any time between (a) the date of incorporation, or, if least, one year before the date of subscription of the investment, and (b) the date of the disposal

Trading Company, etc.

The target company must be a trading company or the holding company of a trading group on the date of disposal of the investment or have ceased to be such within the last time preceding years, and must not since so chasing or at any time during the last six years before that time or before the date of disposal have been an investment company, a company wholly or mainly dealing in shares, securities, land, trades or commodity futures, a holding company of a group other than a trading group, or a company having a trade not carried on on a commercial basis and so that profits can reasonably be expected to be realised.

Addition of Disposal

The disposal of the investment must be by way of either a bargain made at some length for full consideration of

the disposal of the investment must be by way of either a bargain made at some length for full consideration of

distribution in the dissolution or winding up of the target company or must be a deemed disposal under Sections

22 (2), Capital Gains Tax Act 1979 (pursuant to a cinius that the value of the investment has become negligible).

The above is a summary of the main provisions of Section 37, which contains or refers to definitions of certain

terms and expressions used above. Special arrangements apply in respect of a reorganization or reduction of the target company and in certain other cases.

PARTICULARS OF THE STOCK

"The Stock was created by Resolution of the Directors of the Company on 9th April, 1981 and will be constituted Instrument which will contain, *inter airs*, provisions to the following offect:--

statemption

1. The Stock may be redeemed at the option of the Company without notice to Stockholders at any time in
Whole or in part (are note as nearly as may be to each holding of Stock) and will in any event be redeemed on 30th
April, 1985 or the prior occurrence of any of the events specified in the Instrument to the extent that it then remains
outstanding. All redemptions of Stock will be at paid up nominal value together with interest accurate to the date of

Interest

2. Interest will be psyable to Stockholders annually in arrear on 31st March in each year and (if applicable) on 30th April, 1985, on the paid up amount of the Stock outstanding at the rate of 3½ per cent, per amount below the London Inter Bank Offered Rate (as defined below) for the time being, calculated on a daily basis, save that no interest will be psyable in respect of any period prior to 1st May, 1982, and the first payment of interest will be made on 31st March, 1983 in respect of the 11 months ending on that date, The London Inter Bank Offered Rate is defined as respects each month as the rate per termino (as certified to the Company at its request by Netional Westmirster Bank Limited), fixed at 11.00 a.m. on the first business day of such month, offered by prime banks in London for one month starling deposits of an amount equivalent to the amount of Stock outstanding on such day.

Transferability of Stock Transferability of Stock

3. The Stock will not (without the Company's permission, which may be withheld or granted subject to conditions in the Company's absolute discretion) be transferable by Stockholders otherwise than as to a Stockholder's entire holding of Stock to a transferae who shall have agreed in a form prescribed by the Instrument to be bound by the conditions of subscription of such Stock in the same manuer as if it had been originally subscribed by the transferae. Except when Stock is transferaed concurrently with the transfer of the Stockholder's relevant investments and to the same transferae, no such transfer will be effective unless an instrument of transfer expressed to take effect on one of the Stockholder's relevant transferation of the S ing dates (the "permitted transfer date") :--

30th September, 1981 31st March, 1982 30th September, 1982 31st December, 1982 31st March, 1983 In large and the Comment of transfer office not more than 60 days not less than 14 days before the pe

30th September, 1983 31st December, 1983 31st March, 1984 31st December, 1984

Under Contract (1) below the Ultimate Porchaser has undertaken to the Company that it will purchase at a cash Under Contract (1) below the Ultimate Purchaser has undertaken to the Company that it will purchase at a cesh price of 95 per cent, of paid up nominal value the entire outstanding holding of Stock of any Stockholder who wishes to sell the same and delivers to the Ultimate Purchaser his certificate for such Stock and a duly exocuted instrument of transfer which shall, where appropriate, be expressed to take effect on a permitted transfer date; but this undertaking is conditional on the Stockholder first paying up in full so much of his Stock as is not already full-paid and is subject to the aggregate limit of £18,000,000 on the Ultimate Purchaser's commitments relemed to under "Commitment by Electra Investments Limited to Purchase an Individual's Stock and/or Relevant Investments' above, Following a purchase of Stock by the Ultimate Purchaser, the Company will redeem it a par forthwith.

A transferee of Stock will be pennitted to transfer it in the same circumstances and to the same admit as apply to transferability by the Stockholder originally registered as the holder of that Stock.

schbolders' Resolution

4. Stockholders will have power by Edizondhery Resolution (as defined in the Instrument), inter alia, to clion any modification, componies or abrogation of their rights against the Company or any modification of the issument and also to sanction or assent to other matters as provided therein. The instrument will contain visions for convening meetings of Stockholders for such purposes. sanction any modification, company

Certificates

5. Each Stockholder will be softled to a certificate as prescribed by the Instrument. This will represent so much of the Stock originally comprised in the certificates as for the time being remains outstanding. A Stockholder will be entitled, on delivery of a written request to the Company at its registrars at any time after redempilion of any part of the Stock represented or formerly represented by the Stock certificate for the time being held by him, accompanied by that certificate, to receive a new certificate specifying the amount of his Stock outstanding (and the respective amounts thereof which are fully-paid and mil-paid) at the date of issue of that new certificate and representing so much of that Stock as for the time being remains outstanding.

The Company does not intend to apply for any listing or quotation of the Stock on any stock engineer or for permission for dealings in the Stock on the Unitied Securities Market.

A meeting of Smokholders will be remained in suite the first to be held in bit 4 oc?

Ameeting of Stockholders will be convened annually in July, the first to be held in July 1982.

GENERAL INFORMATION

Share Capital
The Company was incorporated in England under the Companies Acts 1948 to 1980 on 10th March, 1931 as a
Mubiic company (No : 1548804), with an authorised share capital of £50,000 divided into 50,000 Ordinary shares of
El each, all of which were issued fully-paid for cash at parto EIT and its nominees on 27th March, 1981. The Company
was issued with a Certificate under Section 4 of the Companies Act 1980 on 2nd April, 1981.

Articles of Association
The Articles of Association of the Company contain provisions (*misralia*) to the following effect:—

Bosowing Powers

The Directors may exercise all the powers of the Company to bosow money without limit as to amount and topon such terms and in such manner as they think fit and subject to Section 14 of the Companies Act 1980 to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outlight or as security for any debt, liability or obligation of the Company or of any third party. If any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of Indexonity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

A Director shell not be required to hold any shares of the Company. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings. or renumeration of the Directors shall from time to time be determined by the Company in General sating. Such remuneration shall be deamed to accrue from day to day. The Directors may also be paid reasonable travelling, hotel and other expenses properly incurred by them in attending and returning in Meetings of the Directors or any Committee of the Directors or General Meetings of the Company of conservises to consection with the business of the Company. The Directors may pay extra renungration out of the funds of the Company by way of salary, commission or otherwise to any Director who holds any executive office of otherwise performs services for the Company outside the scope of the ordinary duties of a Director. The terms of appointment (including as to remaneration) of any Director as holder of an executive office (including, where considered appropriate, the office of Chairman) shall, subject to the terms of any contract, be such as the Directors may determine.

the birectors may (by the establishment or maintenance of echemes of otherwise) give or award pensions, amulties, gravities and superamulation or other allowances or benefits to any employees or ex-employees and to otherwise and ex-officials (including Directors and ex-Directors) of the Company or any subsidiary of the Company, or the relations, connections or dependants of any such persons, and may set up, establish, support and maintain pension, superamulation or other funds or schemes (whether contributory or non-contributory) for the benefit of such pensons as are hereinbefore referred to or any of them or any class of them, any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit.

Subject to Section 47 of the Companies Act 1980, a Director may hold any office or place of profit under the Company in conjunction with the office of Director for such period, and on such terms as to remuneration and otherwise, as the Directors may determine, and a Director or any firm in which he is interested may act in a professional services as if he were not a Director; provided that nothing contained in the Articles of Association shall authorise a Director or any such firm to act as auditor to the Company. A Director may be or confinue or may become a Director or other officer or servent of, or otherwise interested in, any other company in which the Company is in any way interested and shall not (in the absence of agreement to the company) be liable to account to the Company for any employments or other benefits received or receivable company in which the Company is in any way interested and shall not (in the absence of agreement to the contrary) be liable to account to the Company for any emoluments or other benefits received or receivable by him as Director, officer or servent of, or from his interest in, such other company. Subject to Part IV of the Company (whether with regard to any such effice or place of profit or any such acting in a professional capacity as previously referred to or as vendor, purchaser or otherwise however) and may have or be interested in dealings of any nature whatsoever with the Company and shall not be disqualified from office thereby. No such contract, arrangement or dealing shall be liable to be avoided, nor shall any Director or contracting, dealing or being so interested be liable to account to the Company for any profit arising out of any such contract, arrangement or dealing to which he is a perty or in which he is interested by reason of his being a Director of the Company. The Directors are yearcise or procume the exercise of the voting eights attached to shares in any other company in which the Company is or becomes in any way interested and may exercise any wring rights to which they are entitled as Directors of any such other company in such nature as they shall in their absolute discretion think fit, including the exercise thereof is favorar of any Resolution appointing themselves or any of them as Directors of any contract or company, and fixing their renumeration as such, and may wote as Directors of any contract or company in any of the matters aforesaid.

Save as provided in the Articles of Association, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debontmes or other securities of or otherwise in orthrough the Company. A Director shall not be counted in a quorum at a meeting in relation to any Resolution on which he is debarred from voting. A Director shall (in the ebsence of some other meterial interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any Resolution concerning any of the following matters, menely:—

the following masses, makeny:—

(i) the giving of any security or indiamnity to him in respect of money less to or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries insolar as the Companies Acts 1948 to 1980 (as from time to time amended) permit;

(a) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantze or indemnity or by the giving of security;

(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

participant in the underwriting or sub-underwriting thereof;

(a) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being destried for the purpose of this stibpassgraph (e) to be a material interest in all circumstances);

(v) any proposal concerning the adoption, modification or operation of a superamusation fund or retrement benefit scheme under which he may benefit and which has been approved by or is subject to and conditional upon approved by the Board of Inland Revenue for taxation purposes.

Where proposels are under consideration concerning the appointment (including fixing of varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debared from voting their the proviso to sub-paragraph (a) (iv) above) shall be entitled to vote (and be counted in the quorum) in respect of each Resolution except that concerning his own appointment. The Company may by Ordinary Resolution suspend or relax the provisions so tout in this sub-paragraph (a) to any extent of ratify any transaction not duly authorised by reason of a contravention of such provisions.

The provisions of Section 185 of the Companies Act 1948 which regulate the appointment and communication in office of Directors who have attained the age of 70 shall apply to the Company.

The following contracts, not being contracts in the ordinary course of business, have been entered into by the rany and are or may be material?---

Dated 9th April, 1881, between the Company (1) and the Ultimate Purchaser (2), whereby the Ultimate Purchaser (2), whereby the Ultimate Purchaser has undertaken to purchase the Stock and/or relevant investments of Stockholders or Beneficial Owners in a target company at the times, in the memor and subject to the terms and conditions referred to above, in consideration of an undertaking by the Company to redeem forthwith all Stock acquired by the Ultimate Purchaset pursuant to such undertaking.

Dated 9th April, 1981, between the Company (1) and Tyndall Managers Limited (2), whereby Tyndall Managers Limited have agreed to provide registration and administrative services in respect of the Stock and relevant investments for a term ending on 30th April, 1985 and thereafter unless and until the Agreement is determined by not less than secmentally written notice by either party, for an amoust see of £25,000 (subject to increase); and

Dated 9th April, 1881, between the Directors (1) the Company (2) and 1, Messel & Co. (3), whereby 1. Messel & Co. has agreed as agent of the Company to arrange for the publication, advertising and distribution of this Prospectus and the Company has agreed to pay all costs and expenses in connection therewith, including the preparation and printing of the Prospectus, the expenses of and incidental to the formation of the Company, the creation, constitution and issue of the Stock and otherwise and a commission to 1. Messel & Co. of 2 per cent, of the nominal ancuent of the Stock substituted.

(b) no commissions have been paid, or are now payable, to any person in consideration for subscribing or agreeing to subscribe, or procusing or agreeing to procuse subscriptions, for any charas in or debentures of

(c) no amount or benefit has been paid or given, or is now intended to be paid or given, to any promoter,

No share or loan capital of the Company is under option or has been agreed conditionally or unconditions

ally to be put under option.

The Company has no subsidiaries.

The costs, charges and expenses of and incidental to the face of this Prospectus (calculated on the assumption that the whole of the Stock is subscaled and that agents and Broker's commissions are psyable on all such Stock) are estimated to amount to approximately £543,000 (plus Value Added Tax) and are payable by the Company. Preliminary expenses are estimated to amount to £1,000 (plus Value Added Tax) and are also payable by the Company.

The Company is not engaged in any inigation or arbitration and no frigation or claim is known to the Directors to be pending or threatened against the Company.

Mr. M. C. Stoddart and Mr. M. E. D'A. Walton, who are Directors of the Company, are also Directors of ETT and the Ultimate Purchaser. Mr. M. C. Stoddart is also a Director of Globa.

There is no contract of service existing or proposed between any Director of the Company and the

Save as herein disclosed, no Director of the Company is materially interested in any contact or ment-subsisting at the data hereof and values is significant in relation to the business of the Compa No Director of the Company has had since the date of incorporation of the Company or now has any est, direct or indirect,- in any assets which have been of are now proposed to be acquired or disposed of by or leased to the Company.

No emoluments have been paid to any Director of the Company slope the date of its incorporation, The aggregate emoluments of the Directors of the Company for the financial period ending 31st March, 1982 are estimated at £14,700 (equivalent to an annual rate of £16,000). Mr. M. C. Stoddart and Mr. M. E. D'A. Walton, are the holders respectively of \$5,166 and \$00 Ordinary stock units of 25p each of EIT. Save as alonesaid none of the Directors of the Company has any interest.

beneficial or otherwise, in any shares of the Company or in the promotion of the Company.

The Directors of the Company are of the opinion that the Company has sufficient working capital for its

Without the prior approval by Extraordinary Resolution of the Stockholders, no transfer or issue of sheres of the Company will be made which would effectively eiter the control of the Company or the nature of its

Deloins Hesions & Sell's have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion berein of their Report set out above in the form and context in which it is included.

The consent of Deloitte Haskins & Sells referred to above, together with copies of the above-mentioned contracts, were etached to the copies of this Prospectus delivered to the Registral of Companies.

Copies of the following documents will be available for inspection at the offices of Travers Smith, Braithwaite & Co., 6 Snow Hill, London EC1A 2AL during normal business hours on any weekday (excluding Setundays and public holidays) for a period of 21 days from the date of publication of this Prospecture.—

the Memorandum and Articles of Association of the Company;

the Report of Deloitte Haskins & Sells and their unitien consent reliated to about 7 the contracts listed above; and

(d) a draft of the Instrument constituting the Stock and containing provisions as to investments is

AVAILABILITY OF COPIES OF PROSPECTUS

Copies of this Prospectus with Forms of Application may be obtained from: National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapurs Gardens,

12 Throgmorion Avento London EC2P 2BD L. Messel & Co., Winchester House, 100 Old Broad Stre

London WC2R SHP

Electra Investment Tirret Limited.

and at the following branches of Nobenal Westminster Bank Limited:

208 Piccacilly, London WIA 2DG Colmore Centre, 103 Colmore Row, Simingham B33NS 32 Com Street, Bristol BS99 7UG 55 King Street, Manchester M60 2DB 8 Park Row, Leeds LS1 10S 262 Union Street, Aberdoon AB1 171P 80 George Street, Edinburgh EH23DZ

Dated Str April, 1981

PROCEDURE FOR AND CONDITIONS OF APPLICATION Each application must be for £10,000 nominal of Stock or any larger sum being an integral multiple of £5,000 and must be made on one of the forms provided, in accordance with the terms thereof. The subscription price for one half of the Stock allotted will be payable in full on application and the balance of such Stock will be allotted nil-paid, payment therefor to be made in full by 3 p.m. on 30th April, 1982.

14 Blythswood Square, Glasgow G2.4AQ

of the Stock allotted will be payable in full on application and the balance of such Stock will be allotted nil-paid, payment therefor to be made in full by 3 p.m. on 30th April, 1982. Each application must be made for, and each successful applicant will be allotted, equal amounts of fully-paid and nil-paid Stock. No allottment of less than £10,000 of the Stock will be made. Each application must be accompanied by a separate cheque for the full amount payable on application and should be forwarded to the receiving bankers, National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, so as to arrive not later than 10 s.m. on Friday, 24th April, 1961. Chaques, which must be drawn on a bank, or branch thereof, in and bepayable in England, Scotland or Wales, or drawn on a clearing bank branch in the Channel Islands or the isle of Man, must be made payable to "National Westminster Bank Limited" and crossed "Not negotiable".

The right is reserved to present all chaques for payment on receipt and to retain certificates and excess application moneys pending clearance of applicants cheques. Due completion and delivery of a Form of Application, accompanied by the necessary cheque, shall constitute an undertaking that the cheque will be honoured on first presentation; a wayanty to that effect is contained in the Form of Application. The right is reserved to reject any application in whole or in part and in particular, to roject applications which are multiple or suspected multiple applications. Failors by a Stockholder to pay on or before 3 p.m. on 30th April, 1982 to Tyndell Managers Limited, 18 Camynge Road, Bristol BS99 7UA, the full subscription price for the nil-paid Stock then registered in his name will render the amount paid in respect of the fully-paid Stock liable to cancellation. Interest at the rate of 15 per cent per annum may be charged on the amount of any subscription if accepted after its due date. Subscription mones may be peid in advanc

such montes that the due date thereof.

Due completion and delivery of a Form of Application, accompanied by the necessary cheque, shall constitute all such authorisations by the applicant in favour of the Company as are to be given as a condition of subscription for the Stock in accordance with the terms of this Prospectus.

Acceptance of applications will be conditional upon applications being duly made for not less than £7,500,000 nominal of Stock in aggregate together with due payment of the amount payable in respect thereof on application, on or before Friday, 24th April, 1981. Moneys paid in respect of the applications will be returned it such condition is not fulfilled and in the meantime will be returned in a separate bank account. If any application is not accepted, or is

accepted for a smaller amount of Stock than the amount applied for the application moneys or the balance thereof, as the case may be, will be returned by cheque through the post at the applicant risk. No Letters of Allotment to other renounceable or semporary documents of title will be issued in respect of accepted applicants on but definitive Stock Certificates will be despatical not later than 15th May, 1931 at applicants risk. Persons resident in the Irish Republic and elsewhere outside the United Kingdom are advised to seek professional

COMMISSIONS

sion of 12 per cent. (excluding VAT) of the nominal value of the Stock allotted (both fully-paid and hill-paid) and to bankers, stockbrokers, licensed dealers in securities, insurance brokers, solicitors and chartered id to bankers, stockbrokers, licensed dealors in securities, insurance but ts in the U.K. on acceptance in respect of Applications bearing their stamp.

Applications must be for a minimum of £10,000, and thereafter in multiples of £5,000. The Subscription List will open at 10 a.m. on Friday, 24th April, 1981 and will close at any time thereafter on the same day.



ELECTRA RISK CAPITAL

Offer for subscription by the public

L.Messel & Co. on behalf of the Company

of up to £70,000,000 Floating Rate Unsecuted Loan Stock 1981/1985 at par.

scription who for one half of the Stock allotted will be payable in full on application and the balance tock will be allotted nil-paid, payment therefor to be made in full by 3-p.m. on 30th April, 1982. Each fon must be made for, and each successful applicant will be allotted, equal amounts of fully-paid FORM OF APPLICATION

To: THE DIRECTORS.ELECTRARISK CAPITAL P.L.C.

I hereby apply for £\$ nominal of the above-mentioned Stock ("the Stock")

subject to and upon the terms and conditions contained in the Prospectus dated 9th April, 1981 issued by L. Messel & Co. on behalf of the Company ("the Prospectus") and in the Instrument referred to in the Prospectus and enclose my chaque payable to "National Westminster Bank Limited" and crossed "Not. being the amount due on application and representing payment in full for one half of the Stock applied for. I hereby warrant that the chaque enclosed will be honoured on first presentation thereof.

I hereby undertake:—(1) to except (subject to and upon the said terms and conditions) the amount of the Stock hereby applied for or any less amount that may be allotted to me and (2) to pay on or before 3.p.m. on 30th April, 1982 the full subscription price of the Stock allotted to me nil-paid pursuant to this application, failing which the amount paid herewith in respect of the Stock allotted to me fully-paid pursuant to this application will be liable to foreignee and the allotment of both the fully-paid and the nil-paid Stock will be liable to cancellation.

is request that the Stock allotted to mobe registered in my name and that you forward to me at my risk in the carifleate in respect of such Stock (together with a balancing cheque if any monies are due to an returned to me) to the address given below.

he returned to me) to the accress given below.

I hereby corder such authorisepons on the Conspany with respect to the application of reclamption proceeds of the Stock allotted to mo, the appointment of an agent to execute in my name transfers of restments, the exercise of voling rights, the receipt of dividends, the sale or disposal of investments and otherwise as under the terms of the Prospectus and the said instrument are to be conferred as a condition of subscription for the Stock or otherwise apply in respect thereof or in respect of investments to be acquired with the proceeds of redemption of any part of the Stock.

	DATED	1981		-		٠.	٠.	
	Signature:					• •	<u> </u>	
Ë	Sumame:		·	-				
6	Forenames and fals:				<u></u>		<u> </u>	·
藍	Address:			<u> </u>			<u>. </u>	· · ·

A separate chaque must accompany each application.

DISTRUCTIONS . Cheques (down on a bank, of intuch thereof, in and payablo in England, Scotland or Vales or chawn on a clearing ink branch in the Channol Islands or the Isla of Man) must be made payable to "National Westinbister Hank Limited" at crossed "Not negotiable".

Not beganiser: should be completed and sent to National Westmanster Burk Limited, New Issues Department, P.O. Box 78, long, 12 Throgmanac Avenue, Landon EC2P 2BD so as to some not later than 10 a.m. on Finley,

pto will be issued for the amount paid on application but an acknowledgement will be forwarded either by criticals (together, if applicable, with a choque for any emount overpaid) or by prium through the post of a the amount paid on application.

adout in the hish Republic and elsewhere outside the United Kingdom are advised to tack protestional advices

Lord Keynes on investment

BY SAMUEL BRITTAN

public sector investment as a There magic way of stimulating the said. economy, supposedly without the inflationary dangers of other kinds of spending. I kinds of spending, I thought it would be interesting thought it would be interesting to look at what Keynes—who is supposed to be the source of these ideas—himself had to say on the subject. (Vol. XXVII of the Collected Writings, published by Macmillan.) This

includes writings inside White-

hall or in private wartime

correspondence. All that can be offered here is a first report, as there are many diversions en route. There is for instance the characteristic dictum; "Insufficiency of cleverness, not goodness, is the main trouble." Or "dangerous acts can be done safely in a community which thinks and feels rightly, which would be the way to hell if they were executed by those who think and feel wrongly."

Theorem

Keynes was a Keynesian to the extent that he wanted to stabilise the growth of national income and expenditure. But his wartime memoranda do not answer the \$64,000 question: does one try to stabilise real or money expenditure in a world of double digit inflation when injection of extra argument money demand can go into sumption? higher prices, rather than higher output? In a one sentence remark he says "One is also, simply because one knows no solution, inclined to turn a blind eye to the wages problem in a full employment

Having fixed one's total spending goal as well as one can, why then should one prefer to stimulate investment rather than consumption, if stimulation is required? Keynes's best and most fundamental answer is in a letter to T. S. Eliot when he says: "Full employment policy hy means of investment is only one particular example of a general theorem. You can produce the result just as well by consuming more or working

BBC 1

† Indicates programme in

black and white

5.00 John Craven's Newsround.

6.40-7.55 am Open University (Ultra high frequency only). 9.35 Roobarb. 9.40 Jackanory.

IN VIEW of the fashion for that is the heart of the matter. There is really no more to be

> Why then did Keynes himself emphasise investment in spite of his own letter? I think the heart of the matter was his desire to see a "saturation" of the economy with capital in the first 20 post-war years, after which we could concentrate on consumption and leisure and the economic problem would take a back seat.

> At a more practical level, Keynes placed his main hopes for full employment on the stabilisation of capital spending by the leverage of the state sector. This was presumably based on his belief that previous fluctuations came largely from fixed investment. But he was also, in contrast to Meade, very reluctant to recommend Budget deficits—by which he meant deficits above the line in the old-fashioned central government accounts.

Benefit

His most formal statement is that if £100 of new investment is generated, which produces a total increase in spending of £200 via the multiplier process, the tax on that £200 is a benefit to the Exchequer there and then. Why cannot the same of extra argument be applied to con-

As far as I can see, only because £100 in Government current spending or tax reliefs was a charge on the Budget deficit on the definitions of the time, while some kinds of capital spending were not. Take away the preoccupation with the deficit or the PSBR, as any thing other than a very subordinate and variable means to a given national income goal and consumption is as good or as bad a stimulant as invest-

Of course much of our railway rolling stock and other infrastructure is in a disgusting state. But renovation and improvement should be argued on its own merits and not as a costless option based on a misunderstood theory, which one Leaving aside the unfortunate MP has misheard another nod to the "lump of labour" explaining in a smoky corridor theory in the last three words, in a late-night session.

The Inland Revenue registers another notable victory THESE are balmy, not to say about the false signatures after. But they were given an securing the future, an attempt Fleet Street casuals had been in Parliament, the administratily exhibits a partial preferentially. Others from the tax system, and the parliament of the tax system, and the parliament of the tax system.

programme.

revenue."

Since there was no immediate

prospect of legislation, the Revenue decided to make special

as persons "for the collection"

and management of inland

on to provide that the board members shall "collect and

cause to be collected every part

of inland revenue, and all money under their care and management."

its modern counterpart in the Taxes Management Act 1970,

Conscious of the threat that

any action against the casuals

(such as disclosure of names

and payment of past taxes)
might provoke industrial

action in the newspaper industry, the board started with

discussions with the employers

made. The casuals were in the

A special arrangement was

and trade unions.

A section in that Act went

Hard on the heels of their long-delayed victory over "offthe-peg " tax avoidance schemes (see last week's Justinian column), the gnomes of Somerset House achieved another notable success last Thursday in the House of Lords in Inland Revenue Commissioners v. National Federation of Self-Employed and Small Businesses

Inland Revenue.

The decision places a generally severe limitation on the court's powers of entanglement with public administration. The case stemmed from the

practice of some Fleet Street "casuals" working for national newspapers. These part-time workers adopted a device to avoid paying tax; when filling in their pay dockets, they signed with jocularly fictitious names and addresses. A favourite was whereby the Revenue is "Mickey Mouse of Sunset Boulevard"; another "Sir management of income tax, Gordon Richards of Tattenham corporation tax and capital

The concealment of the true identities of the casuals had the effect of depriving the Revenue of about £1 million a year. Although the employers did not know the names of these casuals. the relevant trade unions did.

But the Revenue was not privy to the lists of workers held by the trade unions, and had no power to compel the unions to disclose them. In 1979 future to give their true names the Inland Revenue learned and to pay their taxes there- collected than if, without first shopkeepers. They claimed the rather than through their MPs

Mr. Hoadley, a principal inspector of taxes, spelled out the reasons in an affidavit before the courts: "I feared that if this co-operation could not be achieved, the employers thould be military to account arrangements to deal with a continuing loss to the Revenue. The Commissioners were alive would be unlikely to agree to any solution because of the real to the nature and scope of their statutory duty. Ever since the Inland Revenue Regulation Act 1890 the Board of Inland Revenue has been in existence

is well known, is peculiarly frustrated the introduction of

have been lost.

"Such an attempt, being made against a large number of hostile workers, where no records were available to show that they had been in receipt of casual earnings, would have been unlikely to produce any substantial sums of money and would, I consider, have seriously possibility of industrial action being taken.

"The newspaper industry, as delayed or even permaently delayed or even permaently the introduction of

THE WEEK IN THE COURTS

BY JUSTINIAN

That statutory obligation has vulnerable to industrial action and the workers have a tradition of independence. when the new arrangement was introduced with the approval of the employers and the cooperation of the trade unions, over 10m copies of newspapers were lost from consequential industrial action."

Taking the sensible view that a general agreement was imperative. Mr. Hoadley added: "The main factor in mind throughout this matter was to secure a system for the future which would be effective to stop the tax loss.

"I considered that by this means more tax would be

the new arrangement."

Wilberforce's Lord on Mr. Hoadley's affidavit was that he failed to see how any court, considering the affidavit as full and candid (as it clearly was) could avoid reaching the concusion that the Revenue was acting genuinely in the "care and management of the taxes, under the powers entrusted to them.

This exercise in judicial restraint over the administration of the Inland Revenue is highly significant in a variety of ways.

Objection was taken to the amnesty, mostly by some self-employed people and small right to question in the courts,

would not have been treated so

leniently. On their behalf, the National Federation of Self-Employed and Small Businesses brought proceedings in the courts for a declaration that the Board of directing the Board to assess and collect income-tax from the

casual workers. The Inland Revenue Commissioners objected to the proceedings against them, on the ground that no citizen can come to the courts to complain of their administrative actions unless the taxpayer has a direct grievance about some action. taken against him.

The Court of Appeal had ruled that the Federation did have a sufficient interest in the administration of the tax affairs of others to start the action. But the House of Lords has negatived that revolutionary approach.

As a matter of general principle, no one taxpayer has a sufficient interest in asking the courts to investigate the tax affairs of another taxpayer or to to complain that the latter has been over- or under-assessed.

Nor likewise does a group of taxpayers have an aggregate

The House of Lords did not rule out the possibility of intervention in an extreme case; in a case of sufficient gravity the court might exceptionally be able to hold, at the instance of one taxpayer, that another tax-payer was the recipient of Inland Revenue was acting unfavourable treatment peculiar lawfully in granting the to him. But that would depend amnesty, and for an order on what breach of duty or on what breach of duty or illegality was alleged against the Revenue authorities.

The lasting importance of the Lords' decision is their Lordships' approach to the tax system. The structure of the legislation relating to incometax makes it clear that no right was intended by Parliament to be conferred on taxpayers to challenge generally the assessments raised on other tax-

The Board of Inland Revenue owed its duties to the Crown. Matters relating to income tax were between the Revenue and the individual taxpayer.

No other person has ever been given any right to make pro-posals about the tax payable by another, which is the case under the rating system.

Moreover, the total confiden-tiality of assessments and negotiations between individual taxpayers and the Revenue is a crucial element in the working of the tax system.

* The Times Law Report, April 9, 1981. † [1981] 2 W.L.R. 636.

Opinions widen on Another Realm THERE WERE mixed reactions quent Gimerack winner. Bel in anything but Group 2 or

to Another Realm's Clerical Bolide. That was undoubtedly Group 3 company. tory at Newbury on Saturday other Realm's subsequent run with the divergence of opinions being reflected in a 2,000 him to be some way behind the Guineas quote for the colt ranging from 14-1 to 25-1.

Although Frankia Durage other Realm's subsequent run in the Mill Reef Stakes showed him to be some way behind the before gaining his third success of the campaign in the William Hill Futurity. Medical Greenham Stakes vic- a smart performance, but An-Although Frankie Durr's although a highly creditable one, charge won in fine style, pull-suggests that he could run into

ing clear of Age Quad Agis in RACING

BY DOMINIC WIGAN

the final furlong to record a three lengths' success over the Henry Cecil runner, I believe that William Hill was closest to the mark with its 25-1 Guineas offer.

Another Realm's best performance was in the Richmond Stakes at Goodwood where he have to show a marked improverallied gamely in the closing ment if he is to make his stages to touch off the subse- presence felt as a three-year-old

suggests that he could run into the frame on the Rowley Mile, but that he would be hard pressed to get in a blow at a colt of To-Agori-Mou's class.

Greenham's uneasy favourite, Beldale Flutter, was struggling to go the pace in the final quarter mile, but one or two shrewd judges felt that Michael Jarvis had left plenty to work on and that his colt on his home course.

Nevertheless, Beldale Flutter will, on Saturday's showing,

As a two-year-old, Beldale

In its early days (as the Observer Gold Cup), the Futurity was won by such champions as Noblesse, Ribocco and Vaguely Noble. However, of late, its record as a classic guide has been nothing short of woeful. In the five seasons prior to Beldale Flutter's victory. Take Your Place, Sporting Yankee, Dactylographer, Sandy Creek and Hello Gorgeous joined the roll of honour. It is to be hoped that Beldale Flutter will leave the form well behind does not follow in their foot-

WOLVERHAMPTON 2.30-Alpha Omega** 5.30-Strigida*

Emmardala Farm. 6.00 Scotland Today. 6.40 Crimedesk. 10.30 The America Years of the Cinema. 11.30 Late Call and Immortal Heritage. 11.30 Rock

SOUTHERN

3.30—Rose Charter 4.30—Nomadic Pleasure***

SCOTTISH 9.55 am Really Rosie. 10.20 Spread Your Wings. 10.45 Stars on Ice. 11.10 Wild, Wild World of Animsls. 11.35 Call It Macaroni. 1.20 pm News Headlines and road and weather report. 2.00 Monday Matines: "The Brothers O'Toole." 3.45 Money-Go-Round. 5.15 Emmardale Farm. 600 Secoland Today

9.30 am Children of the Lotus. 9.55
Georga Hamilton IV. 10.20 Animated
Classics. 11.20 Wild, Wild World of
Animals. 11.45 Cartoon Time. 1.20 pm
Southern News. 2.00 Houseparty.
12.25 "Jacqueline" atterring John
Gregson. 3.45 Money-Go-Round. 5.15
Walcoma Back Kotter. 8.00 Day by
Day including Southsport. 10.35 "The
Dion Brothers" starring Starcey Keach. AMBASSADORS. S. CC. B36 1171. Evs. B.O. Tues, Mat. 3.0. Sat. 5.30 and 8.30. Extra performances Good Friday and Easter Monday at 8 om. 150th PERFORMANCE 23 APRIL of B. PRIESTLEY'S Mystery Play DANGEROUS CORNEL Acclaimed revival of Priestley's most popular play. TYNE TEES

TYNE TEES

9.20 am The Good Word. 9.25 North
East News. 9.30 Survivel. 9.55 George
Hamilton IV. 10.20 Hanna Barbera
Classics. 11.10 Wonderwheels and
Posse Imposable. 11.25 Begehcombers.
11.50 Sally and Jake. 1.20 pm North
East News and Looksround. 2.00
Money-Go-Round. 2.30 Mondey
Matines: "The Purple Plain" starring
Gregory Peck. 5.15 Mork and Mindy.
6.00 North East News. 6.02 Mr. and
Mrs. 6.30 Northern Lile. 10.30 North
East News. 10.32 Northern Report.
11.00 BJ and the Bear. 12.00 A Real
Resurrection. ULSTER

10.35 sm Untamed World. 11.00 Wilderness Alive. 1.20 pm Lunchtime. 2.30 Monday Matines: "Mett Helm". 3.45 Money-Go-Round. 4.13 Ulster News. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 10.27 Ulster weather 10.28 The Mercy of God. 10.20 By This I Live. 11.00 Sosp. 11.30 Bedume.

WESTWARD

9.15 am Faith for Life. 9.25 Target
The impossible. 9.55 The Lost Islands.
10.20 Cities—Peter Ustinov's Leningrad.
11.10 Spiderman. 11.35 Valentine's
Day. 1.20 pm Westward News Headlines. 2.00 The Monday Matines: "The
Blue Peter" starring. Kevin Moore and
Greta Gynt. 3.42 Gus Honsybun's
Birthdays. 3.45 Money-Go-Round. 5.15
Mr. and Mrs. 6.00 Westward Diary.
10.32 Westward Late News. 110.35
Twenty Years. 11.35 Rock Stage.
12.30 am Faith for Life. 12.40 West
Country weather and shipping forecast.

YORKSHIRE 1 OKRASHIKE

9.30 am Sally and Jake, 9.55 Tarzan.

11.30 Laurel and Hardy: "Big Businass." 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 2.00 Money-Go-Round. 2.30 Monday Matinae: "The Love Boat." 5.15 Mr. and Mrs. 6.00 Calender (Emley Moor and Belmont editions).

10.30 RL Action. 17.15 Rockstage.

BBC Radio London
5.00 sm As Radio 2. 5.30 Rush Hour.
9.03 Morning Star. 10,03 The Robbie:
Vincent Telephone Programme, 12.30 pm
London News Dask. 12.40 The Tony.
Fish Total Music Show. 2.30 Tony.
Blackburn. 5.00 News. 5.15 Music on
the Move. 8.33 Inside London. 7.03
Black Londoners. 8.00 As Radio 1.
10.00 Question Time from the House of
Commons. 11.00-5.00 am Joins Radio 2.
London Broadcasting
6.00 am AM: Bob Holness and Alan

6.30 am John Sacha's Breekfast Show. 10.00 Michael Aspel. 12.30 pm Nicky Horne, 1.00 First Report. 1.10 Nicky Horne (continued). 3.00 Roger Scott. 7.00 London Tonight. 8.00 Teach Your-sell You. 8.00 Alan Freeman (rock sell You. 9.00 Alen Freeman (rock music). 11.00 Tony Myatt's Late Show. 200 am Duncan Johnson's Night Flight.

THEATRES

Directed by Marold Prince.

PRINCE OF WALES THEATRE. 930 2581.

Crodit card bookings 930 0846. PAUL

DANIELS in IT'S MAGIC. Mon. Thurs.

8.00. Fri. and Sat. 5.00 and 8.45.

EASTER Ports Good Friday as normal.

EXTRA Mats. 2004 and 21st April &

May 4th & 25th at 3.00.

QUEEN'S. 5. CC. 01-734 1166. 01-439

3849. 01-429 4031. PENELOPE

KEITH. Peter JEFFREY. Barbara

FERRIS In MOVING. A new play by

Stanley Price. Directed by Robert

Chetyen. Evos. 3.0 Mats. Wed. 3.0 Stt.

Chetyen. Evos. 3.0 Mats. (01.379.6051.

5.0 and 6.1s. Group Sales 01-374 5081

RAYMOND REVUEBAR. CC 01-734 1593
At 7.00. 9.00. 11.00 pm. Opens SurnPAUL RAYMOND presents THE
FESTIVAL OF EROTICA. New Acts. New
Girls. Mew Thrills. 23rd Sensational,
year. Fully air-conditioned.

ROYAL COURT. S. CC. 730 1745. THE
SEAGULE by Cnekhov, A new version
by THOMAS KIRGY. Eyps 8. Mon
all seats 52. No perf. Good Fridar.

by THOMAS KILRDY. Ergs 8. Monall seats 52. No perf. Good FridarROYAL COURT THEATRE UPSTAIRS.
730 2554. GLASSHOUSES by Stephen
con 2554. GLASSHOUSES by Stephen
con Good Friday.
SAVOY. S. 01-836 8888. CC. bleys.
839 7516-4852-4855 9.30-6.00. Sats.
9.30-4.30. Group Sales 01-379 8061.
OPENS APRIL 29 at 7.0 (seats available.
book new). SUSAN HAMPSHIRL,
GERALD HARPER IN FRANCIS DURSRRIDGES New Thriffer HOUSE GUEST
with PHILIP STONE.

ST. MARTIN'S CC. 836 1443. Evgs. 8.0.
Tuesday 2.45. Saturday 5.0 and 8.0.
Tuesday 2.45. Saturday 5.0 and 8.0.
Good Friday 17 April at 8 pm.
Agatha Christie's THE MOUSETRAPWorld's Jongest-ever run. 29th Year.

SHAFTESSURY. CC. Shaftcebury Ave.
WC2. 82x Office 836 6556 or 838 4255.
Group bookings only 01-839 3092.
TOM CONTI and GEMMA CRAVEN
THEY'RE PLAYING OUR SONG. Prices
3talls. Royal Circle 58.00. £8.50. 65.00.
Circle £3.500. £2.50. OAPS £4.00 (Wed.
Mats only (bets seats). Student standby
£4.00. Evgs. 8.0. Matinees Wed. 3.0.
STRAND, 01-836 2660, 836 4143. Eveninos 8.0. Mats. Thurs. 3.00. Sat. 5.30

STRAND, 01-836 2660, 836 4143. Eveninos 8.0. Mats. Thurs. 3.00. Sat. 5.30

STRAND, 01-836 2660, 836 4143. Even-

Saturdays 5 & 8.30. Good Friday at 8.0.

STRAND. 01-836 2650, 836 A143, Evenings 8.0. Mats. Thurs. 3.00, 565 CMS.

and 8.30. Mats. Thurs. 3.00, 565 CMS.

and 8.30. Mats. Thurs. 3.00, 565 CMS.

WHICH WAS COMMENTED OF THE TOWN AND DAYS.

FROM 18 FRITTEN OFFICE AND STREET OF THE TOWN. 01-734 5051

Air conditioning, Credit cards LONDON'S GREAT NIGHT CUT. From 8 o'clock Dining and Dancing. THE DRIFTERS precoded at 9.30 by SUPER REVUE

"BUBBLY." DANCING UNTIL 1 AM.

VAUDEVILLE. S. CC. 01-236 9288.
EVENINGS & GOOD Frt. 7-45. Matinces
Wed 2.45. Sati. 4.00. DONALD SINDEN.
Dinah Sheridan. Gwen Wardord Poliv
Adams in PRESENT LAUGHTER by Noel
Coward. Group sales Box Office 01-379
6061.

SO61.

VICTORIA PALACE. CC. 01-852 4733-5.

O1-834 7317. Evgs. 7.30. Wed. and Sat.

Z.15. Group sales 01-379 5061. ANNIE.

WAREHOUSE. Donnar Theatre. Erihaus

Street. Corect. Garden. Bor. Office 855
668. ROYAL SHAKESPEARE CASPANY Ton'I. Tomer. Wed 7.50
PANY Ton'I. Tomer. Wed 7.50
PANY Ton'S. TO TOMER. WED 7.50
PANY TON'S. TOMER. WED 7.50
PANY TON'S. TO TOMER. WE

OPERA & BALLET

COLISEUM. 5. 836 3161, CC 240 5258. ENGLISH NATIONAL OPERA. Tomor & Thers 7.30: BARTON TRIPLE BILL in collaboration with London Festival Sallet. Wed & Sat 7.03: JULIUS CAESAR. 101 bakony seats avail on gav. COVENT GARDEN. 2:0 1066 S. (Garden-charge CC 836 5903). 65 Amphi seats avail, for all perfs. from 10 am on the charge CC 836 6903). 65 Amphi seats avail, for all perfs. from 10 am on the day of perf. THE ROYAL RALLET. Ton't at 7.30 Les Sylphides, Hamlet. Volces of Spring, Rhapsody. Dowell replaced by Batchelor (Hamlet) & Beaglev (Rhapsody). Eazling replaces Wall (Sylphides). Sat. at 200 & 7.30 Swall Lake. THE ROYAL OPERA. Tomor at 7.30 Macheth. Wed. at 7.30 L'elisir d'amore, Thurs. at 6.30 Lohengrin.

SADLER'S WELLS THEATRE EC1. Tel. G1-B37 1672-1673-5856. Credit cards to am to 5 pm 01-278. D871. Topmonthi April 25 TANZ FORUM DER OPER DER STADT KURM, Modern Dance. Ex. 7.30 Sat Mats 2.30. Tomor. Fri. & Sat. eve. Moondog-Chimmera-Perrot. Pierrot. A Requiem. Wed. & Thur. Carto General, Sat. Mats. Out of Doors-Moondog-Pierrot, Pierrot. Tkts Sit 0 £7.

THEATRES

ADELPHI. S. CC. 01-836 7611. Evs. 7-30. Sat. 4-00. 7-45. Mats. Thurs. at 3.00. Good Friday Peri. at 7.30 (no Peri con Easter Monday). TONY BRITTON. JILL MARTIN PETER BAYLISS and ANAL NEAGLE In MY FAIR LADY. Now booking through to October, For group bookings telephore 01-836 7358 or 01-379 6061.

ALSERY, 01-836 3878, CC bkgs, 379 6565, Grp. bkgs, 370 6061 or 836 3962, Evs. 8.00, Thurs, Mat. 3.00, Stalls from £2.90. Sat. 5.00 and £15. Extra Perts Good Fridav-Easter Mon. 80.0. Sian Phillios. Denis Lawson (Most Promisien new Actor DRAMA AWARD 1980). Rodgers and Hart's musical PAL JOEY.

ALDWYCH. S. 836 640A. CC 379 6233
110-6. Sats. 10-4). Into, 835 5332.
ROYAL SHAKESPEARE COMPANY.
Seats arail Ton't. Tomor 7:30. Low
price previews THE KNIGHT OF THE
BURNING PESTLE. A new production
of Beaumont's comic masterpiece in
rep. with Nicholas Nickierty from 23
Agril. Presid booking 22023. Group
Sales 379 6061. RSC also at The
Warehouse-Piccadilly.

APOLLO, Shattesbury Ave., W1. S. CC.
01-437 1663, DIANE LANGTON, BEN
CROSS In I'M GETTING MY ACT
TOGETHER AND TAKING IT ON THE
ROAD. The new smash hit musical,
Mon.-Thur. 8.15 Fri, G sats. 6.0 & 8.45,
No perf. Good Fri. COMEDY THEATRE 5. CC. 01-930 2578. Limited season until 23 May only Evenings 7.15. Mats. Thurs. 2.00 incide entry start). No perf Good Friday. Extra Mat Sat 2.00. The National Theatre smass-hit production from the Cottesloe of ARTHUR MILLER'S THE CRUCISEE. Directed by Bill Byden.

CRITERION. 5. 930 3215, CC 379 6565.
Grp. bkgs. 836 3962 or 379 8061. Evgs.
8. 591. 6 and 8.45. Extra perf. Good Friday Easter Mon 8 pm MARTIN CONNOR DAVID DELVE. TRICIA GEORGE. PETER REEVES deliver the songs and wards or TOM LEHRER with buge polish and give in TOMFOOLERY a satiric musical revue. DRURY LANE, Theatre Royal, Tel. 836 8108, 7HE BESS LITTLE WHOREHOUSE IN TEXAS. Legs. Moc. to Thur. 3.0, Fri. 2nd Sal. 5.30 and 8.30, No perfs. Good Fri. Group sales Box Office 379 8661. DUCHESS. CC. 01-836 0243 Evening. 8.00. Mers. Wed. 3.00. Sats. 5.30 and 8.50. Mers. Wed. 3.00. MATTHEW. GEORGE SEWELL and LYNETTE DAVIES In THE SUSINESS OF MURDER.

in THE BUSINESS OF MURDER.

DUKE OF YORK'S 5. 836 5122. Evenings
6.00. Saturday 3.00 and 6.30. DAVID
DUKE FOR OME. Croin care from 8.36
9837. 379 8565. 839 4682. Group bookings 836 3962. 379 8061.

PORTUME S. CC. 01-836 2238. Opens
April 22 at 7.0 Sub Figs 8.15. Matiness
Wed 3.0 Sats 30 ROY DOTRICE in GARRICK 5 and CC Charing X Rd, Mike Loigh's Smash Hit GOOSE-PHAPLES, Deers April 29th, Box Office now open, 01-826 4601, Seats £5, £5, £7, Group Sales: 07-379 8051.

Sales: 01-379 5051.

GLOSE: S. CC 01-437 1592. 01-439 6770
SEASON ENDS MAY 75. Standing roomTonight £1.50 and £3. ROWAN ATKIN.
Sat. 6.00 and £400.-FT. Evas. 8.00.

GREENWICH THEATRE. S. CC. 853 775S.
Eva. 6.0 Med. Sais 2.30. Ends Sat.
ATMORNE in THE GOLDEN AGE. by
A. R. Gurney.

KING'S HEAD. 226 1918. Dinner 7.00, Show 8.00. UP IN THE 80s by Neville Phillips and Robb Stewart.

1YRIC S. CC. 01-457 3686. Even. B.00. Wed. 5.00. Sat. 9.30 and 8.30. DINSDALE LANDEN. NIGOLA PAGETT IN ALAN AYCKBOURN'S TAKING STEPS.

Cheap Theatrics.

NATIONAL THEATRE. 5. 928 2252.
Building closed Good Fide.

NATIONAL THEATRE. 5. 928 2252.
Building closed Good Fide.

Building closed Good Fide.

Not allow the same from 10 am duy of perf all 3 theatres. Also standby 45 mins before start. Car park. Restaugant 928 2033. Credit card bigs. 928 5933.

NT also at the COMEDY THEATRE.

NEW LONIDON THEATRE. CC. Druy, Lane. Lordon. WC. Tradit and Tale.

NIGHT NOW MAY 10 1405 D072

PREVIEWS FROM APRIL 22. PRESS NIGHT NOW MAY 10 1405 D072

PREVIEWS FROM APRIL 22. PRESS NIGHT NOW MAY 10 1405 D075

PREVIEWS BOOK OF PRACTICAL CATS by T. S. ELIOT. CATS. Additional Book Off PRACTICAL CATS by T. S. ELIOT. CATS. Additional Book Office (at normal theatre prices). The Ticket Centre by Wyndham's Theatre). S. Martin's Caurt. Charing Cross Roas. Lorlon WC2. 01-240 2150. BOX OFFICE NOW OFFRI A lew sears variable at theatre prices for Charity performances on 23, 22, 27, 29 Aginy performances on 23, 22, 27, 29 Aginy Company.

VENICE.

PALACE S. CC. 01-437 6534 RODGERS
& HAMMERSIEIN'S OKLAHOMA! Ergs.
tinc. 6g. fri.) 7-30. Mets. Wed. 6 5-4.

3.00. Group bookings 01-379 6061.

Better selection of seats available Mon.

LONDON PALLADIUM. 437. 7373.
OPENING JUNE 11. Reduced price
previews from May 29. MICHAEL
CRAWFORD in the signatic Broadway
Musical BARNUM. ADVANCE SALES
OPEN NOW! Use the Barnum hotlines
01-457 2055, 01-734 8961 or instant
credit Card reservations. O1-437 2055, 01-734 8961 or mstant credit Card reservations.

PALLADIUM. 01-437 7373. From Tomorrow for 5 days only including Good Fri. and Easter Sunday. Tomorrow at 7.30 Wed. Thur, Fri. 8.0, Sat. 6.15 and 9.0 Sps. 6.19 and 8.0, ELLA FITZGERALD AND OSCAR PETERSON. Opens April 28.2 weeks only. The Liberace Show 57 starring Mr. SHOWMANSHIP LIBERACE with Supporting company. Exc. Office now open. Credit cards accepted.

PICCADHLLY. 5. 437 4506, 379 6585. Group bookings 385 3962, 379 6561. Mon-Fr. 8. h'ats. Wed. 3. Sats. 6 and 8.40. Stalls from 2.90. Extra per Good SHAKESPEARE OD. In Willy Russell's new Comedy Card SHAKESPEARE OD. In Willy Russell's new Comedy of the Year SWET Award 1980. RSC 1360 Aldaysh. Warehouse.

PKINCE EDWARD, S. CC. Box Office 437 6577. CC Holling 439 8499. Group alexand by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES THEATRE 930 2681.

from April 26th. Opens May 7th.
WINDMILL. CC. 01-437 6312. Twice
nightly Mon.Set. 7.0 & 9.0 pm. Sun.
6.0 & 8.0 pm. Paul Raymond presents.
RIP OFF! Hotter than ever for 1981.
The erotic experience of the modern
era. Std great year.
WYNDNAM'S. S. 01-838 3026. Credit
card bitos. 379 6585. Mon.-frl. 8. Sats.
6 & 8.45. Exts. perfs. Good Fridy
Easter Monday 3.00. Darjo Fo's farce
ACCIDENTAL. DEATH OF AN ANARCHIST. VOUNG VIC. 928 5353. Eves 7.30. Ton't Thu Last Peris Stoppers's ROSEN-CRANTZ & GUILDENSTERN AEE DEAD. Tue Vied Sat Last peris Pygmellon All Seath EZ.30.

THEATRES

CINEMAS CLASSIC ENTERTAINMENT
Teledata 01-200 0200
CLASSIC 1. 2, 3. Haymarket (Piccedilly
Circus Tube), 01-839 1527, Last Perfs,
hookahle all screens,
1: SUPERIMAN II (A) in bolby Stereo.
Progs 12.20 (not Sub.), 2.40 5.25, 8.20
(Doors coen 8.05),
2: LITTLE LORD FAUNTLEROY (II),
Progs. 1.00 (not Sub.), 3.70, 5.30, 8.15
(Doors coen 8.00),
3: RAGING BULL (X) In Dolby Stereo.
Progs. 12.20 (not Sub.), 2.55, 5.30, 8.25
(Doors coen 8.00),
CLASSIC 1, 2.3 4, 5, Oxford 51, 61,646 CLASSIC 1. 2, 3 4, 5, Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully autopatitioned Fully air-conditioned, 1: ROCKSHOW (U) in Dolby Stereo. Progs 1:30, 3:40, 6:00, 8:20, 2: ORDINARY PEOPLE (AA). Progs. 12:50, 3:70, 5:50, 8:25, 3: COAL MINERS DAUGHTER (A) Progs. 12:45, 3:15, 5:45, 8:20, 4: THE LONG GOOD FRIDAY (X). Progs. 1:30, 3:50, 6:10, 8:30, 5: AIRPLANE (A). Progs. 1:00, 3:00, 5:00, 7:00, 9:00.

CLASSIC Leicester Square, 01-930 6975.

PAD TIMING (X), 12.40 (not Sun),
4.39, 8.25, THE BRUTE (X), Sun, & Wk.
2.45, 6.40. 2-45. 6-40. CURZON, Curron Street. W1. 499 3737. BUFT LANCASTER, SUSAN SARANDON IN LOUIS MALLES ATLANTIC CITY (A). Film 2.00 (ec. Surl.), 4.05, 5.20. 8.40. ODEON HAYMARKET (930 2738-2771) CHARIOTS OF FIRE (A). Sep. progs. dly. 2.25, 5.50 8.55. OPEON LEICESTER SOUARE (930 5111)
Robin Williams is Popere Sheller
Durall is Olive Out POPEY'S (U.)
strogs. div. drs. open 11.45 (not Sun.).
2.20. 5.15. E.15. All Seats bookshie
by post ar at the Box Office. ODEON MARBLE ARCH W2 (723 2011-2)
THE KIDNAPPING OF THE PRESIDENT
CO. Seb pross. drs. open dly. 1.15
(not Sun.). 4.15, 7.30. PRINCE CHARLES, Leic. Sq. 437 8181.
British Fremiere Presentation CALIGULA
(X). Sep Perts Dly (inc Sun), 2.15, 5.50
8.45. Le Show Fri & Sat 11.55, Seats
Bkble, Lic'd Bar.

ART GALLERIES

STUDIO 4. Oxford Circus. 437 3500. Licid Bar. SUPERMAN II (A). Sep Port Oly 2.15. 5.15. 8.15. Lte Show Pri & Sat 11.15. Seats Bible.

BROWSE & DARBY, 19, Cork St. 734 7884 EXHIBITION OF FRENCH & BRITISH DRAWINGS COLNAGHI ORIENTAL. 14, Old Road Street, London, W1 01-431 7408. ART OF THE EAST—until 15th May, Mon.-Fri. 10-6, Sats. 10-1 FIELDEORNE GALLERIES, 63. Queens Grove, St. Johns Wood, NW8, 01-585 3800. MUSIC AND MUSICIANS. LEFEVRE GALLERY. 30. Bruton St., W1. 01-493 1572-3. 20th Century Work on view. Mon.-Fr). 10-5. MARLBOROUGH, 6. Albemarie St., Wi. Drawings and Watercolours by 13 British Artists, Mon.-Fri, 10-5.30. Set. 10-12.50. MATHAF GALLERY, 24. Mottomb Street, London, SWI. 25 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

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For Share Index and Business News Summary, Telephone 246 8026 nded by the appropriate area code valid for London.

14 Painful tune (6) 16 Hippy of a nervous disposi-tion (7) 19 Decipherment of linear B 17 Well pitched-up deliveriesfrom the nursery end? (3-6) useful to music-readers (3-4) 18 Like a good monk, taking to 21 Plain frozen! (6) (5) 26 Necessitate a land settlement (6) 24 Supporter of some standing?

27 Telephone about one writer coming to maturity (8)

29 Tree-moss developing in the west country (8) DOWN

is extravagant (6)

Wales: Close.

Scotland — 12.40-12.45 pm The Scotlish News. 5.55-6.20 Report-ing Scotland. 11.55 News Head-lines: News and Weather for

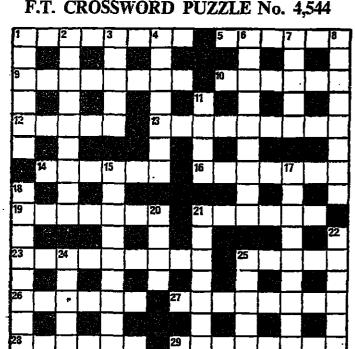
News. 1.00 Pebble Mill At One. 1.45 Heads And Tails. 3.15 Songs Of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2, 11.00 am). 4.20 Cheggars Plays Pop. 4.40 The Ail New Popeye Show.

9.55 The Banana Splits. 10.25 Lassie. 10.50-11.00 Play Chess! 12-42 pm Regional News for England (except London), 12.45

Cymra/ Wates — 1.45-2.00 pm Pila Pala 5.55-6.20 Wates Today. 6.55 Heddiw. 7.20-8.10 Pileri Brau. 11.55 News Headlines. 11.59 The Hope of Glory. 12.15 am News and Weather for

5.05 Blue Peter. 5.35 Fred

5.55 Nationwide (London and



ACROSS

1 Sweet sort of man with a sticky job (8)
5 Kind of medicine for bed-case losing heart? (6) 9 Perhaps even build non-U

when it is for sale (8) 10 Appealing barmaid Venice? (6) 12 Scold in colloquial terms (5) 13 Novel way one took issue

23 Lay waste old Chester's gailery (9) 25 One in planet, one in flight

28 Mavis has a sore throat (6)

2 Kind of ancestral house (9) 3 Topping stuff for severe cold symptoms (5) 4 Paints family in waterproof

material (7) 6 Fuss over share of admiration (9) 7 Wild poets hinder in court 8 It carries Scottish greeting

11 Dad upset on Sunday, says something further (4)
15 Easy position in the main?

Bede in translation (8) 20 Dash used in the language 21 Some golfer—at home in the Open, going backwards (7) 22 Fellow just a grotesque figure (6)

25 Lars, for example, married in home counties (5) The solution to last Saturday's prize puzzle will be published 1 Classic bird in the left hand with names of winners next Saturday.

Northen Ireland - 3.53-3.55 2.30 Mondey Film Matines: "Ring of Fire" starting David Japassen, 5.15

South East only).

i.20 Nationwide.
6.55 Ask The Family.
7.20 The Return of Captain
Nemo.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "A Fistful of Dollars," starring Clint Eastwood.
11.20 Grand Prix.
11.20 Education Shop.
11.20 Education Shop.
11.20 Education Shop.

Scene Around Six. 6.20-6.55 Lanu
News Headlines.
Northern 11.55
Nows and
Northern 12.30 am A Programme for Hory
12.30 am A Programme for Hory
12.30 am A Programme for Hory
12.30 am A Program.
Northern 12.30 am

6.40-7.55 am Open University. 11.00 Play School. 11.25 Embassy World Pro-fessional Snooker Cham-

pionship. 4.50 pm Open University. 6.55 Snooker. 7.15 Mid-Evening News.

7.25 The Easter Experience? 7.40 Roots of England.

8.15 Marti Caine. 9.00 Spooker. 9.30 Horizon. 10.20 Say It With Baby Grand. 10.45 Newsnight.

11.30 Snooker. LONDON 9.30 am Who's Afraid of Opera? 9.55 The Nomads. 10.20 The Love Boat. 11.55 Betty Boop Cartoon. 12.00 We'll Tell You A Story. 12.10 pm Rainbow. 12.30 Vet. 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 The Riordans. 2.30 Monday Matinee: Judy Garland and Fred

Astaire in "Easter Parade." 4.15 Five Magic Minutes. 4.20 Graham's Ark. 4.45 Ad Lib. 5.15 Money-Go-Round. 5.45 News. 6.00 Thames News. 6.35 Crossroads.

7.00 Nature Watch. 7.30 Coronation Street. 8.00 World in Action Special. 9.00 The Sweeney. 10.00 News. 10.30 "The Wrath of God," starring Robert Mitchum and Rita Hayworth.

12.30 am No Vain Sacrifice?

All IBA Regions as London

except at the following times: ANGLIA
9.30 sm Call It Macaroni. 9.55 Rocket
Robin Hood. 10.20 Friends of My
Friends. 10.45 Animated Classic. 11.30
Floodit Crown Green Bowling. 1.20 pm
Anglia News. 2.00 Money-Go-Round.

RADIO 1

(S) Stereophonic broadcast

†Medium wave

5.00 am As Redio 2. 7.00 Mike Reed.

9.00 Simon Bates. 11.00 Andy Poebles.

12.30 pm Newsbeat. 12.45 Paul
Burnett. 2.30 Dave Lee Travis. 4.30

Pater Powell. 7.00 Stayin' Allve with
Andy Peebles. 8.00 Richard Skinner.

10.00-12.00 John Peel (S).

DA NIO 2 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry
Wogan (S). 10.00 Jimmy Young (S).
12.00 David Hemilton (S). 2.00 pm
Ed Stewart's Request Show (S). 4.00
Much More Music with Jean Challis
(S). 6.00 John Dunn (S). 8.00 Folk
on 2 (S). 9.00 Humphrey Lyttelton
with The Best of Jazz (S). 9.55 Sports
Desy. 10.00 The Monday Movie Quiz.
10.30 Star Sound. 11.00 Brian Matthew
with Round Midnight. including 12.00

News. 2.00-2-00 can and the Music (S). RADIO 3 RADIO 3
5.55 am Weather. 7.00 News. 7.05
Morning Concert (5), 8.00 News. 8.05
Morning Concert (continued). 9.00
News. 9.05 This Week's Composer:
Clazumov (5), 10.00 Vrvalid and
Albinoni chamber music recital (5),
10.35 Bartok plano recital (5), 11.45
Vladimir Ponkin conducts RimskyKorsekov, Prokoflav (5), 1.00 pm
News. 1.05 BBC Lunchtime Concert
(5), 2.00 Mathaes Musicale (5), 3.00
Pionists in Profile (5), 4.00 New
Records (5), 4.55 News. 5.00 Memily and the control of th

with Round Midnight, including 12.00 News, 2.00-5.00 am You and the Night

12.30 am News and weather in French.

GRAMPIAN

10.05 am First Thing. 10.10 Larry
the Lamb in Toytown. 10.20 Stars on
Ics. 10.40 The Lost Islands. 11.05 240
Robert. 11.55 Males and Batchelor
Cartoon. 1.20 pm North News. 2.00
Monday Matines: "Squeeze a Flower."
3.45 Money-Go-Round. 5.15 Mr. and
Mrs. 6.00 North Tonight. 5.30 Country
Focus. 10.30 Lou Grant. 11.30 Rock
Stage. 12.30 am North Headlines. GRANADA

9.30 am The World We Live In, 9.50
Spiderman, 10.15 Tarzan, 11.00 Sessime
Street, 1.20 pm Granada Reports, 2.00
Money-Go-Round, 12.30 Mondey
Matineo: "Easy Money." 5.16 Mr. and
Mrs. 6.00 Granada Reports, 10.30 RL
Action, 11.15 The Mondey Movie—Jill
St. John in "Foreign Exchange."

BORDEK
9.30 am Bailey's Bird 9.55 JabberJaw. 10.20 Anne and the King. 10.45
Chopper Squad. 11.35 Mork and
Mindy. 1.20 pm Border News. 2.30
Monday Matinee: "Matt Haim"
starring Tony Franciosa. 3.45 Money-Go-Round. 5.15 Diff'rant Strokes.
6.00 Lookaround Monday. 6.15 Tha
Colectors. 6.30 Mr. and Mrs. 10.30
Pro-Calabrity Snooker. 11.15 Rock
Stage. 12.15 am Border News Summary.

CHANNEL

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 2.00 The Monday Matines: "The Blue Peter." 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 Channel Report, 6.20 Cartoontims, 6.30 Mork and Mindy. 10.28 Channel Late News. 110.36 Twenty Years. 11.35 Rockstage. 12.30 am News and weather in French.

St. John in "Foreign Exchange."

HTV

9.45 am The World We Live In. 10.10
Sea Canoeing. 10.40 Fanglace. 11.00
Sesame Street. 1.20 pm HTV News.
2.00 Money-Go-Round. 2.30 Monday
Matinee: "The Grizzly and the
Treasure." 5.15 Mr. and Mrs. 6.00
Report West. 10.28 HTV News. 10.30
Quincy. 11.30 Rock Stage.

HTV Cymru/Waies—As HTV West
except: 12.0-12.10 pm Ffalabalam. 2.002.30 Hamdden. 4.15-4.20 Good Snooze
Tonight. 4.45-5.15 Ser. 6.00 Y Dydd.
6.25-7.00 Report Wales. 8.00 Punchlines. 8.30-9.00 Yr Wythnos. 10.3011.30 World in Action.

for Pleasure (5). 7.00 Rostropovich Conducts Dvorak (5). 7.45 Let the Present Serve the Past. 8.00 "Pomme of Apt." operetta in one Act by Offenbach (5). 9.00 France is a Widow. 9.45 Jazz in Britain (5). 10.15 What a Tesk for a Phiosopheri (5). 10.35 Mambre Jeau Noatri (5). 11.00 News. 11.05-11.15 Marin Marris (5). VHF Only—Open University: 5.55-6.55 am and 11.15 pm-11.25 amd for students in Scotland, Wales and Northern Ireland only: 11.55 pm-12.35 am.

Northern Ireland only: 11.65 pm12.35 am.

RADIO 4
6.03 am. News Briefing. 6.10 Farming
Week. 8.25 Shipping forecast. 6.30
Todsy, including 6.45 Prayer for the
Day, 7.00. 8.00 Todsy's News, 7.30,
8.30 News Headlines. 7.45 Thought for
the Day. 8.35 The Week on 4. 8.45
John Ebdon looks through the BBC
Sound Archives. 9.00 News. 9.05 Start
the Week with Richard Baker. 10.00
News. 10.02 Money Box. 10.30 Delly
Service. 10.45 Poustina. 11.00 News.
11.05 Songs for the Times (S). 11.50
Poetry Plessel (S). 12.00 News.
12.02 pm You and Yours. 12.27 Cliché
(S). 12.55 Weather; Programme News.
1.00 The World at One. 1.40 The
Archers. 1.55 Shipping forecast. 2.00
News. 2.02 Woman's Hour. 3.00 News.
3.02 Afternoon Theatre (S). 4.15 Transformations. 4.45 Story Time. 5.00
PM: News magazine. 5.50 Shipping
forecast. 5.55 Waather; Programma
News. 6.00 News. 8.30 A Murder of
Quality by John Le Carrá. 7.00 News.

7.05 The Archers. 7.20 Just a Minute (S). 7.50 The Monday Play (S). 9.20 Senses of Occasion. 9.30 Ksleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

London Broadcasting
6.00 am AM: Bob Hoiness and Alan
Clark (includes suction for the LBC
Easter. Appeal). 10.00 Brian Heyes.
12.00 LBC Reports. 7.00 pm London
Life. 9.00 Mike Dickin's Nightline.
12.00 LBC Reports Midnight. 1.00 am
Night Extra. 3.30 LBC Cinema. 4.00
Alter Eight Sunday (repeat). 5.00
Marning Music. Capital Radio

6061.

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THE ARTS

A way to revive the inner city with small industrial units.

Inspiration in Wood Green

by COLIN AMERY

Terry Farrell's architecture

pattern of glass, colour and

reflection. Black framed mirror

glass, red details like the bar-

riers and the door handles all respond to a grid pattern that is both disciplined and decora-

At a strictly practical level Farrell and his partners believe

in using their architecture as a

springboard for product devel-

opment. Off-the-peg products are adapted or updated for

particular buildings. At Wood

Green they have adapted a

standard spiral staircase so that

it can have rubber treads thus minimising the clang of foot-

falls on metal stairs. Round windows with a half-hour fire

resistance are fixed into doors

with a flame retardant gasket

normally used for panel fixing on trains and coaches. It is this

kind of architectural lateral

thinking that distinguishes the

inventive work of this practice.

industrial buildings is of a suffi-ciently high architectural standard to give a lift to a whole neighbourhood. They are

cheerful and efficient and should act as a vital catalyst for

higher standards of environ-

mental design in the awkward

105,000 square feet of space was

in the region of £18.70 per sq f1.

The cost for a total of nearly

corners of decaying cities:

The general effect of these six

Six miles north of the City a framing system that can

of London there are six build- accept all sorts of elements-

provide inspiring answers to the is innovative in many ways. problem of industrial accommodation in our cities. The Wood why industrial buildings should

Green Northern Industrial Area not be good looking as well as

is a series of small sites where functional. The facade treat-

new factory units have been ment of all these units on the built cheek by jowl with resi-courtyard side is an ingenious

Coliseum

Julius Caesar

by RONALD CRICHTON

by John by Sir Charles Mackerras, and sung by a starry cast, including Janet Baker in the title role, Valerie Masterson as Cleopatra, Sarah Walker, Della Jones and John Tomlinson returned to the Coliseum on Saturday night. The house was packed and enthusiastic. This is the kind opera performance that future generations will hear about with wondering ency that comes over us when we read of nights at the Berlin Staatsoper in the 20s with, say, Leider, Tauber, Schorr and Janssen singing and Blech or Kleiber sor, conducting. One thing that has changed in the informating half-conturn

in the intervening half-century (mostly towards the end of that period) is the attitude towards performing Baroque opera. Handel's pitches are respected as far as can be done in castrato-less days. Caesar and Sextus are sung by mezzos, Ptolemy and Nirenus by counter-tenors. This being a lengthy work, there are a number of omissions among the long procession of arias. The performance lasted from 7 until about 10.30. The uncut revival

The famous Julius Coesar at the Barber Institute in Bir- moping mingham in 1977 was about 45 minutes longer but whether over with exceptional case. Janet Baker, in magnificently

supple and even voice, was equally stirring in the vigorous music, compelling in the hushed excitement of the bunting simile aria (splendid horns), moving in lampet after defeat moving in lament after defeat. Her command and timing of glance, stance and gesture was appropriately, sovereign. This superb performance was complemented by Valerie Masterson's moody, smouldering, scintilating Cleopatra. For Handelian style pure and simple the palm (if the two readings could be heard in proximity) might go to Felicity Latt, heard in the role more simply she sings the more

moping widow of Pompey, pursued against her will by Pompey's general, Achillas. Miss the ENO's large and broadly Walker's performance, though based public should be expected the lowest notes were rather to assimilate the lot is another lightly touched in, was another matter. Except for continuo and triumph of style. Della Jones stage hand the orchestral sang most hravely as Sextus, instruments are modern—Cornelia's vengeful son, in rightly so surely, in this large spite of indisposition. John and deep pit. The words of Brian Tomlinson, whose control of his Trowell's English version, come powerful tones grows over with excentional come. ally more impressive, brought exactly the black contrast needed to the high voices. The two counter-tenors, John Angelo Messana, as the effete but daugerous Pompey, and David James as Cleopatra's eunuch

Nirenus, were both effective, The production, in sets and costumes by John Pascoe and Michael Stennett which are invariably practical if sometimes over-jush, runs with a smoothness that should not be taken for granted. Copley's treatment, as tactful as it is versatile, of the da capo sections to the arias, as well as his handling of singers' posture and at Birmingham. But Miss his pointing of the text, deserve Masterson adds the important close attention especially from element of sensuality, and the producers who want to impose extraneous ideas on the probstrongly simply emerges. lems of staging Baroque up Sarah Walker was Cornelia, Go, if you can get a seat. lems of staging Baroque operas.

Architecture

ings on five sites that could

dential and shopping premises.

The redevelopment of this rather run down area of a north London suburb is of both archi-

tectural and planning interest.

The planners of the Haringey

central area, of which these

units form a part, had two objectives. They wanted en-

vironmental improvements in an

area that was becoming increas-

ingly derelict, and they wanted

to attract more jobs to their part of London. Fortunately

for Haringey the planners were

not indoctrinated with the old

planning philesophies that de-

manded comprehensive redevelopment at all costs. Instead

they saw the wisdom of discreet

infil to rejuvenate rather than

wreck a neighbourhood. They

were fortunate too in their choice of architects. The scheme

was born while Terry Farrell was still in parinership with

Nicholas Grimshaw but has grown and been built by the

Terry Farrell had previously designed industrial buildings on

larger green field sites and he

was fascinated by the design

problems of building for in-

dustry alongside houses and

existing narrow roads. Site

coverage was clearly a problem in an urban area where land

values are high. A higher wan

60 per cent site coverage was

Terry Farrell Partnership.

Warehouse

The Accrington Pals

by ROSALIND CARNE

different battle. Peter Whelan's she finally breaks away. The of lunacy throughout. new play cuts through any hint play shows what war does to women, the suffering, and the sentiment to the painful contradictions in the mind of a single woman. May. She is not alone; there are neighbours, and one dear friend. Eva, and we learn of their passions and conflicts. Yet May emerges, a solitary figure, her yearning for love suppressed behind the spiky mien of angry individualism.

The Accrington Pals are a Lancashire battalion and the npening scene shows Tom, second cousin to May, helping nates the great adventure of fear of drowning better to be needs are unspoken; she cannot is transmogrified into someadmit he is more than a boy, thing larger and less human mud and fears to give herself. He than his former self. Tom, the field.

When men march to war yielding she is a foil to the creator. Only Rivers, the sinister a shop, shortening a skirt, or joining together in protest. But it works more subtly too, de-lineating the forces which bind

and which separate us.

boy's nose into the bath in the Accringion parlour foreshadows the scarler ripples of the both excellent.
Somme Eva's lover, Ralph This Royal (Peter Chelsom), splashes Company produc

those left behind must fight a lough-minded May, from whom sergeant major, has the touch

Janet Dale gives a riveting performance as May, aging visibly, with anguish, not make-She is well matched by the febrile tension of Nicholas Geck's Tom. Trudie Styler is less vertain as Eva, failing to convince on the true nature of It is a richly poetic work. The her feelings for her friend. blood which drips from a young Among the rest, Bob Peck as Rivers and Brenda Fricker as Arthur's frantic wife Annie, are

Shakespeare This Royal (Peter Chelsom), splashes Company production is directed happily in the same bath. Later, by Bill Alexander and designed on her fruit stall as he antici- in the trenches, he screams his by Kit Surrey, with a carefully subdued adherence to period Their simmering sexual blown apart. Each of the men defail, the muted browns and are unspoken; she cannot is transportified into some greens of home echoing the he is more than a boy, thing larger and less human mud and khaki of the battleis replaced, on the stall and in idealist, becomes a manic brightness are ominous—the her home, by Eva, a clear philosopher. The godly Arthur primary hues of the tricolour headed country girl. Gentle and prays, wild-eyed to a Satanic and the occasional flash of gore.

Top Rank, Brighton

Classix Nouveaux

by ANTONY THORNCROFT

The concert has replaced the of popular live entertainment— be a better description. Classix of popular live entertainment— be a better description. Classix ing off with the guitar and with high seat prices, often Noveaux put on a show but synthesiser and a bass player, poor sight and sound, and long manage to keep the music quite Mik Sweeney, who treats the waits for little music, it rarely seems like the march of pro- built around singer Sal Solo the court of the Sun King. gress. So unstinted praise for who threatens to over-egg the the 2002 Review which has cake with eccentricity. Not taken five hands acts, on a tour only is his head shaven, but he of the country offering each wears a mad monk's outfit night—variety. The jaunt ended which is stripped off at the end

quiffs and leather jackets of the Theatre of Hate fans mingled happily with the made up matinee idols in pirate gear more interested in the futurist band Naked Lunch. Top of the hill Classix Nouveaux provided their own spectacle on stage and ing to a timely climax. Classix Nouveaux have had their prob- quality with a record of proven lems with critics, mainly because they are hard to write about, a styles and mish-mash influences, but they grip an mercial or non-commercial to ing to the individual circumaudience and just one successful offset any loss which might he stances of each recipienl, and the single could establish them as incurred in the publication of length of time needed, but they the thinking man's Adam and a book the Council wished to are, in most cases, unlikely to

Or perhaps Queen with guts a heavy metal drummer in B. P.

writers of outstanding literary

achievement. lishers and distributors, com- of the awards will vary accord-

interesting, too. The band is sudience to bows not seen since Given that the songs, over-dependent for lyrics on the micro-chip future (boring), are short, sharp shocks with enough this weekend in London. On to reveal a flesh-tinted body a band with considerable Friday there was a satisfying stocking and he has an extramelody to survive and you have experience in Brighton.

Young fashion was out in from a deep growl to wellforce and the dyed Mohawk controlled falsetto.

Force and the dyed Mohawk controlled falsetto.

Ordinary voice which leaps sort out a consistent image from all the intriguing bits and pieces is another matter but compared controlled falsetto. is another matter but compared
Just in case you not off there to the other bands heard they are mirror guitars; a light show; show more than a touch of class,

Arts Council literary bursaries

The Arts Council has an-

Charles Osborne, literature nounced that it is awarding five director of the Council, said-bursaries of up to £7,500 to "The bursaries will be given for "The bursaries will be given for the purpose of working on a specific project for a concen-Help will also be given to pub- trated period of time. The value

exceed £7,500 a year."

and a sense of humour would Hurdang. Cary Steadman show-

Allegri Quartet

achieved by building to the The developers were Samuel

edge of the sites leaving a Properties in conjunction with

central court where large lorries the London Borough of Harin-

unload and there is room for gey and the Plessey Pension car parking off the streets. The Trust Limited, and the main

walls on the boundaries of the contractor was Farrow Con-

sites are brick and the court- struction Limited, (a member

yard walls are curtain walls in of the Lovell Group).

Saturday night's recital by playing now. But while their the Allegri Quartet was part of repertory remains very wide, the Wigmore Hall's "Dvorak as Saturday's programme and Grieg" series. The prodemonstrated, their interpretagramme qualified by its tions have lost an edge of siring quartet op. 34, an uneven. Spontaneity has taken the place the Lyric Suite provided generally and the Lyric Suite suite

Wigmore Hall

the original group, and one a rather seriousness of purpose in the in its honeyed close harmony

surprisingly Schubertian work, of more dangerous adventure, not often heard and more How otherwise to explain the notable for candid key contrasts lack of conviction in such than for the quality of its eminently worthy performances, melodic invention. It was as if the dramatic contours had framed by Haydn's B flat been entirely flattened out in quartet op. 76 no. 4 and Berg's rehearsal, leaving only a two-Lyric Suite. dimensional image?

The Allegri underwent a Occasionally the concert radical change of personnel a would flare up, when a particufew years ago. Only the second larly striking musical idea violin and the cello remain from caught the players' imaginations -the opening of the Adagio of different Dvorak's quartet, for instance,

ally a more positive demonstration of the Allegri's abilities. But it is as yet an account which requires more exploration in performance. The balancing of parts, in the slower movements especially, was variably successful and rubate parsimoniously employed. What the Allegri now need above all is a musical personality to take charge and shape their performances - in

It is good news to hear that

Northumberland looks as

though it is to be taken into

the care of the Department of

the Environment. It was de-

signed by Sir Charles Monck

and built between 1810 and

1817 in the Grecian style. It is

superbly built in honey-coloured stone and has a severely elegant interior with

a two storey colonnade central

hall. The future of this import-

ant house has been uncertain for a long time and it should

certainly be used as a centre

for Neo-Classical ezhibitions -

perhaps even as a home for the fine Neo-Classical architectural

models that have been lying

unloved in a store in London

ever since the great Council of

Europe Neo-Classical Exhibition

Your new edition of the

Victorian Society Newsletter

(Spring 1981) draws attention

again to the curious position of

Anglican churches in relation to

the listing procedures and the protection they afford to secular

buildings. As the Victorian

Society says the total exemp-

tion of redundant Anglican

Churches from the statutory protection that is having langer-

ously destructive consequences. Two London churches St

Andrew and St. Michael Green-

wick designed by Basil Champneys in 1092 and St.

Saviour's Herne Hill by A. D. Gough of 1867 are now listed

although threatened with demo-

signers. In Cambridge All Sanits

in Jesus Lane by George

Frederick Bodley of 1863 with a

in vain for a new use. How long

will it be before the vulner-

ability of church buildings can

be relieved by some relatively

simple legal changes?

very fine interior is still looking

quartet playing benign dictator-ship is no bad thing. ANDREW CLEMENTS

Elizabeth Hall

Der Tod Jesu

by ANTHONY HICKS

Princess Amalie of Prussia, sister of Frederick the Great, commissioned the text of Passion cantata from C. W. Ramier one of the Berlin court Telemann makes all the right poets. He came up with Der Fod Jesu, an account of the Crucifyion mingling narration and reflection, but with heavy emphasis on the latter. It embodied the very essence of Emplindsamkeit, that burgenon-ing aesthetic movement which valued poerry and music overtly

seeking to evoke specific "sen-ments" in the reader or listener,

especially those of pathos and melancholy. Frederick's musical director, Carl Heinrich Graun, set Ramler's text in 1755, establish-ing a musical style all too well matched to the cloying rhetoric of the verse, heavily loaded with sighing appoggiaturas and gratuitous harmonic shifts, yet remaining fluccid in rhythm and deficient in melodic appeal.
Nevertheless, Graun's work
enjoyed extraordinary popularity in Germany and elsewhere for a century or more. until the rediscovery of Bach's Passions consigned it to what

well-deserved seems oblivion. Graun's was not the only Der Tool Jesu, however, and it was thanks to Richard Hickox, with his Singers and his City of London Sinfonia, that on Friday we were able to hear the virtually unknown setting by a much more talented composer, Georg Philipp Telemann, (The concert was a joint promotion with BBC Radio 3 as part of their Telemann tercentenary celebrations; a recording will be broad-

cast later in the year). In 1754 Telemann was 73, but nis energy and interest in things new was undiminished. As soon as he heard what was happening in Berlin he obtained a copy of Ramier's text and set about putting it to music.

Hamburg, a week before the is no doubt as to which is the styles, but underneath there is Telemann was a young com- mann's version.

In the spring of 1754 the poser in the high Baroque

In the accompanied recitatives which carry the burden of Ramler's hectic reflections orchestral gestures and places his climaxes with perfect judg-ment, yet the touch remains light. He is concerned less with the tragedy of the Crucifixion than with its happy consequences. What remain most clearly in the memory are those passages in which the music expresses the Christian message with almost childlike joy, notably thealto and bass duet "Feinde, die ihr mich betrübt," and the bubbling interpolations ("Weinet nicht!") in the chorale movement "Ihr Augen weint." The orchestral colouring is modest but effective.

Hickox's Mr. direction seemed to be entirely faithful to the spirit of the piece, his pacing of the accompanied recitatives being particularly admirable; perhaps his punctuation of the chorales, to bring out the sense of the text, was a trifle mannered. His 16-strong professional chorus were lively and brought a special intensity to the striking chromatic counterpoint used by Telemann to set the line "O wehel dass wir so gesündigen haben." houghtful Stephen Roberts assurance in the ! numbers was the most not: contribu

tion to a good sulo leam. Alto and tenor Sally Burgess and Martyn Hill were inclined soprano Patrizia Kwella, though always sustaining a true line. lacked some fullness of tone. By way of preface Mr. Hickox's team began the concert with Telemann's brief and much

earlier cantata Machet die Tore weit, in which the vigour of the opening chorus and the bass aria are offset by the rapt In March, 1755, he was able soprano aria "Jesu, komm in to present his own version in meiner Seele," a close relative Hamburg, a week before the of the famous Air in Bach's official first performance of third orchestral suite. Texts Graun's setting in Berlin, There and translations for both works third orchestral suite. Texts were happily provided, but it more attractive setting from a was unfortunate that those for modern point of view. Tele- Der Tod Jesu were taken (withmann's late works exhibit many out acknowledgement) from the features of the new galant preface to Howard Serwer's recent edition of Graun's setalways the orderly progress of ting; the identifications of the harmony and the energetic chorale melodies, also copied rhythms engendered by the across, were in three cases solid techniques learnt when incorrect when referred to Tele-

Festival Hall

Jochum

by RICHARD JOSEPH

The London Philharmonic on the South Bank. did not really play at their best for Eugen Jochum until the fair account of Strauss' still second half of Friday night's tricky Don Juan. Though the concert, when they delivered a performance of Brahms' Second Symphony that was characteristic of the conductor's finest

Orchestral textures were warm and full, never opaque. Tempi were unfussily set but discursively handled, allowing the music's natural flow-and occasional digressions -- to emerge without interference. Phrasing was equally flexible and imaginative, and the conductor's sensitivity to Brahms' countrapuntal instrumentation enabled him to present each of Second Symphony's melodies in a different perspective at each hearing.

Best of all, one sensed continuous alertness on the part of the band to this veteran conductor's suggestions. Without any trace of portentousness. Jochum has become an alte meister of considerable grace, intuition and spontaneity. He encourages a constant two-way communication, so that the often in repertory performances

The concert opened with a LPO's overall timbre was good.

secondary details were either glossed over or smudged, and the wind section-bassoon and clarinet especially-had some differences of opinion over intonation. Jochum's fast and surprisingly nervy reading of this tone poem really needs more polished orchestral execution than this.

Brazilian pianist Jacques Klein gave a considered account of Beethoven's Emperor Concerto. Klein has a strong finger technique and a direct, honest way with this extravert score. Unfortunately, he was little inclined to play out either the magisterial or the delicate aspects of the piano writing, so his interpretation lacked a positive profile. Jochum balanced the orchestral tutti against the piano sympathetically, matching but never drowning his soloist in loud passages: I especially appreciated his warm handling of the subsidiary accompaniplaying he obtained was always ments, which subtly enhanced alive; it doesn't happen all that rather than merely shadowed the texture of the piano writing.

RUGBY by PETER ROBBINS

Schweppes sponsorship to continue

further three-year sponsorship same in the final. Cardiff debe known as the Schweppes Cup. more.

The sponsors have guaranteed other commercial interests will- task. ing to raise the ante.

However, the Welsh Rugby Union is happy with Schweppes. One of the reasons is that the Umon disperses the money not the company. Furthermore, Schweppes maintains an acceptably low profile.

Aroused -I feel though that £10,000 to each of Saturday's finalists, Bridgend and Cardiff, was too much to only two clubs. However, that would be well covered It will be interesting to see how for the John Player final behas aroused much interest but After two absorbing and en- was sad and unncessary,

THE SCHWEPPES Organisation tertaining semi-finals it was has successfully negotiated a perhaps too much to expect the In future the competition will form it could have been much

Bridgend lost their experi-£105,000 over the period. Had enced prop Ian Stephens just on the game. Also, Bridgend's the sponsorship gone to auction before half-time and after the three-quarter play was not good there would have been many Cardiff pack had a much easier

> Bridgend were trying to win their third successive final. They hoped to give J. P. R. Wildams a memorable send-off at the National Stadium. JPR began the match with typical aggression but, later in the second half, he was cut down ruthlessly by the Cardiff back row but clumsily, to run the ball at Cardiff.

Like France, Wales adores its heroes. Outside the principality there are many who have a by the almost capacity crowd, profound admiration for, and envy of, Wales's great players. many turn up at Twickenham But heroic, legendary figures should remain beyond criticism, tween Gosforth and Leicester. immortal and infallible. When In its own way that competition JPR returned to the international arena this year and was

should abandon a 15-man rugby in favour of the limited game further three-year sponsorship servedly won 14-6 but, had they played in the first half, with the Welsh Rugby Union. Gareth Davies been in kicking They changed course immediately after half-time but by then it was apparent that the Cardiff back row had a firm grip enough against a firm Cardiff defence

Certainly the Bridgend forwards, notably Gareth Williams. Howe and James, the captain, supplied enough ball, but there was no speed of thought out-

Rough time

Williams and Pearce replaced as Bridgend tried desperately. Holmes and Davies in the Welsh side through injury and alleged loss of form respectively but there was no mistaking the better pair on Saturday.

Williams gave Holmes a rough time early on when Cardiff were having problems controlling the ball at the back of the scrum tender's challenge.

Davies missed a penalty battle had been finally won and later dropped he almost for smack in front of the posts and won well. This was Cardiff's

It was also sad that Bridgend and passing was much better than his opposite number's. It was true that Pearce kicked well but never with the same time to spare. Wales are indeed lucky to have two sets of half- describing the ones that got backs especially as they are club pairings. Scott, an Englishman, cap

tains Cardiff and he had a magnificent game. The style suited him in the first half but later he had the enormous support of Lease and Lakin. Lease is no size at all but so quick Tom Watson, who is currently in support where he played an as good on the greens as Ward essential role. The two Cardiff flankers

and blind side wing-forwards at Augusta, Georgia. but it worked well. Lakin is one of those players who simply never stops working. Cardiff back row kept Bridgend out in an energetic first quarter. Edwards and Mogridge improved in Cardiff's second row. Hutchings scored an excel-

lent try after clever work by Burcher. Then, it was the turn of Phillips and Eidman to but as the game were on Holmes indulge in some quick running expects to hold most of the shook off the rust and the pre- and passing which only served to indicate that the forward without pernaps the same passes feited his right to lengend. That others from various distances first victory in three finals and sign that it would have in Wales.

GOLF BY BEN WRIGHT

The new blacksmith of the green

IN THE late-1940s and early-1950s, when the diminutive Charlie Ward of Little Aston was probably the hest pufter in the world, he had a way of

away. "Touch like a blacksmith," he would announce laconically. Old hammer hands strikes again."

As if to emphasise that nothing, not even the phraseology, really changes that much. was, used much the same words to describe his putting in the played like old-fashioned open third round of the U.S. Masters

it, and as a variation, "Hammer mitts."

As Watson was describing how he had just got round in a two under par 70, to take one stroke lead over Jack Nicklaus, it can be taken that Watson was speaking relatively.

He had, in fact, missed four of the kind of putt that he time on greens as true as the ones at Augusta. He had missed from 15, 6 and 12 feet at the 10th, 11th and 12th for birdies and then from four feet for an eagle at the 13th.

Had just the two short ones brings to mind the magnificent gone in not many people would have been betting against in the Watson to win his second 1977. Masters championship. As it is the duel between Watson, Nicklaus and, hopefully, Greg Norman, could be an epic.

Watson, at seven under par on 209, has that one stroke lead over Nicklaus, two over Norman, with John Mahaffey and Bruce Leitzke both three

Four players failed by four shots — Peter Jacobsen, Ben Cranshaw, John Cook and Lon Hinkle-but Sandy Lyle, the only European left in the field, a disappointing 76 for a had "Anvil hands" is how he put total of 219. He lies joint 3rd and needs to play at something like his best to make the top 24 who are automatically invited back next year.

Timely birdies

At one stage Lyle was threatening not to break 80 after going out in 40 and hitting his tee shot into the water at the short 12th to take five. But timely birdies at the 15th and 17th salvaged his round.

The fact that the two best Nicklaus explanation and the golfers in the world are so incident has not been mentioned close at the head of affairs since.

confrontations they have had in the past, and particularly The first-occasion in that vear

was in Augusta when Watson. leading by three overnight, won by two. But he had to get round in 67 to do it and he had to survive what he thought was a provocative gesture by Nicklaus.

Watson was in the last pair, playing behind Nicklaus and on the 13th green the latter holed a birdie putt. As he acknowledged the applause Nicklaus raised his arm and clenched his fist. To the watching, and waiting, Watson, it looked like a follow that " gesture and it infuriated the touchy but tightly controlled, man from Kansas

He contained his feelings at the time, but in the scorers tent shoulder and said "You have after the round Walson felt so incensed that he accused Nicklaus of gamesmanship. Nicklaus was, of course astonished, for he bad genuinely been responding to the crowd

and the crowd alone. It is to Watson's credit that immediately accepted the

two were brought together again at Turnberry for the Open Championship, After two rounds they were level and leading and they played together for the last two

rounds.
What followed is probably the greatest "shoot out" that golf has seen. Nicklaus played at his magnificent best, was round in 65, 66—a total of 131—and yet he lost. Watson produced two 65s. I don't expect to see a more

dramatic last hole than was played then. Nicklaus's drive into the bushes, a five iron to the front edge of the green and a 30 foot birdie putt, Watson a two iron, a six iron and then a 3½ footer for the championship. When it was over Nicklaus draped an arm around Watson's

seen my best, and beaten it." We should be so lucky again. Media unit planned -

PLANS TO establish a Young

Adult Media Unit which would offer ideas to broadcasters for young peoples' programmes were published at the weekend

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Monday April 13 1981

After Brixton

THE EVENTS in Brixton at the weekend were appalling by any standards. That there must now be a public inquiry goes almost without saving. The real questions are about how it should be conducted and what should be its terms of reference.

In our view it should begin as soon as possible and preferably this week. It should be public in the sense that all evidence should be heard in public and that representatives of all sections of the community should be encouraged to give their views both of what happened

But there is also a wider issue. It has been feared for some time that outbreaks of this kind might occur. Indeed there was a similar outbreak in Bristol a year ago. The fundamental problem is not stop the rioting but to tackle the cause. To leave the supervision of race or community conflicts to the police is to place a burden on the force that it was never meant to bear.

Successive British governments over the years have gone along with the fiction that the problem of race relations is one of immigration. Yet the great waves of immigration are long since over. The issue now is one of encouraging people to live together. We are a multiracial society capable of causing great mutual damage if that is not accepted. This point should be made, as it has not been made before, from the very top of

Advantage Mrs. Thatcher

MRS. THATCHER'S Government has now been in office for nearly two years - time enough for an assessment of the record so far and also time to begin to look forward to how the Conservatives will approach the next general election in 1983 or 1934.

On the face of it, the record is in many ways bleak. Industrial production has recently been running 12 per cent below the average for the first half of 1979. On the Government's own estimates, it is unlikely to return to the early 1973 level before the election. Seasonally adjusted adult unemployment in the UK was 1.3m on the eye of the last election, and had risen to 2.4m in

Even on inflation, where Mrs. Thatcher claims to have made most progress, the record is patchy. The underlying rate of increase of the retail prices index was running at 131 per cent in the second quarter of 1979 and had been in single figures in 1978. It is now down to 10-11 per cent, though not even the Treasury is foreeasting a fall below 8 per cent before mid-1982. In the meantime, the year on year rate has been above 20 per cent, partly as a result of the Government's own action in doubling VAT in Sir Geoffrey Howe's first budget.

There have been several obvious mistakes, of which the corupt increase in VAT was one. Another was the Government's failure to recognise early enough the escalation of wage settlements after the period of incomes policy. In the first year this was in the private sector as much as the public.

Other factors which have caused difficulties for the Government were less foreseeable. Two years ago no-one predicted the rise in the exchange rate - from an average \$1.920 to the pound in 1978 to \$2.328 in 1980. the highest yearly average since 1974. No-one predicted either the depth of the recession, and it is the fact that the recession has coincided with the Thatcher experiment that makes the Government's performance to date so hard to judge. It is impossible to say precisely how far the present quiescence of the unions, the fall in the number of strikes and the recent relatively low pay settlements in the private sector are a reaction to recession and unemployment and how far they are a desired result of government policies.

In one respect at least, however, the Government has been hold. The controls associated with the Labour Party — over incomes, dividends and foreign exchange — have been abolished. We live now in a much freer economic environment. There is a detectable feeling that subsidies cannot be continued indefinitely, that corporutions whether State or private must pay their way and that public expenditure must be better controlled

At the near halfway stage, it is on this mood that the Government must capitalise. The economic recovery will come as it has always done in the past, but the test will be whether it brings a return to inflationary expectations in its train. A Cabinet, several of whose members appear not to believe in the Government's economic policies, does not help. It is not surprising that there is a widespread expectation of a U-turn if that is what some senior Ministers are themselves predicting.

Structural change

Yet there are other matters on which the Cabinet could reasonably pull together. There is, for instance, the whole issue of structural change: the changes in housing policy which could encourage mobility of labour and therefore help the market economy rather than ninder it. There is the question of simplifying the tax system. Sir Geoffrey's budget last month was the first for many years which meant that more people would be paying tax, therefore further extending the poverty trap. The subsidies to the middle classes continue, largely but not solely through the tax relief on the interest paid on

The Government's attitude to the public sector has also been ambivalent. At times it seems to be saying. private sector good, public sector bad, and then acting in the opposite direction. If it really believes that public assets should be sold, it has not demonstrated the point by its approach to the British National Oil Corporation.

There is an ambivalence again in its attitude to monopoly power - whether of the public utilities or of the unions. The Government has not worked out whether the power of (say) the gas and electricity industries should be supervised and a measure of competition injected. Sometimes the chairmen of the nationalised industries and the union leaders seem to be acting as fellow barons against the interests of the consumer.

Not least, the Government needs to be more explicit about what is happening to the revenues from North Sea oil. even if it is only to say that they are already being spent. There is a popular belief that they can be allocated several times over, and a more reasoned view that they ought to be used for some special purpose. The Government could decide that as revenues rise, they should be used to relieve the tax burden on industry: for instance the national insurance contribution surcharge.

Mrs Thatcher, in short, has a case worth putting. The joint effects of government policies. North Sea oil and recession are producing a more competitive economy, the benefits of which should not be allowed to be lost by a reversion to excessive government interven-

The police in the thick of it

By-Lisa Wood



too much pressure in this area. Kids are picked up by the police for doing nothing. I once got picked up on Sus. They could not prove it.

"I don't see any future for these kids. They haven't got jobs and they have no money. Things like this will happen again and again. People ask why the kids stole videos-you can sell them."

One black activist claimed

and also enjoys some notoriety for its gaming and drug activi- back if the police pulled back. Local residents were in

agreement that the police over-reacted. One white man, drinking at a public house about half in particular." a mile away, said the police burst in before closing time and ordered everybody out.

Mr. Ted Knights, leader of Lambeth Council, said: "We have been asking for a change that during the past two weeks the police had been trying to "clean-up" the Railton Road area. Dubbed "the front-line" duce their presence in Railton "I would not have wanted to "clean-up" the Railton Road night we asked the police to reget involved. You cannot win, area. Dubbed "the front-line" duce their presence in Railton you lose in the end. There is it is a focus for young blacks. Road. The people behind the

barricades said they would pull "What occurred was not a race riot. It was the police against youngsters who were in the main unemployed and black

His council, which had its grants cut by the Government for overspending last year now calling for a public inquiry and for massive resources to be poured into the borough, which exhibits all the classic features of Britain's

1.800 people under the age of 20 who have never had a job.

Housing: Lambeth Council has a 17.000-strong waiting list for accommodation.

Clinton, a black engineer, who has lived in Brixton for some 20 years said. "I want to clear out of this area. I have a daughter, aged 10, and there are no prospects for her. Living here, we are branded as layabouts.

no other home. This is their

Mr. Stewart Lansley, chairmen of Lamboth Council's Com-munity Affairs Committee, said: "The police have a job to do, there is a lot of wrime in this area. But it needs community policing. We asked for it and

the police said they had not got the resources." Community policing, that is putting policemen back onto foot patrols and involving them in the local community does

well Park Estate where crime figures, notorious two years ago, are said to have fallen by It also occurs in other areas Britain—for example, in Birmingham, Handsworth, which shares very similar prob-

lems to Brixton. There the Lozells project, which is being studied by the Home Office, involves the police force taking an active part in school cur-

For in areas like Handsworth, Birmingham, St. Paul's, Bristol, and Brixton the tela-tionship between the police and young blacks has deteriorated to such an extent that the very act of a police officer walking up to a youth is construed as hostile. The police appear as the symbol of a white society which young blan "rel to be totally uncaring.

During the rioting, however white youths were involved. One 14-year-old boy said: "During the looting it was blacks and whites together. If whites see windows smashed they put in their hands, too."

Patricla Smith, aged 25, a black nurse, said: "People are really frightened of the police. It's the way they look at you."

She, like many others, was disturbed at yesterday's strong police presence. Behind the police station, tucked into a small street, about two dozen mounted police were on alert, drafted in from throughout the Metropolitan area. One officer said: "We must be here to protect property today."

At Woolworth's, in Atlantic "I have been abused by the police but I have always new sheets of plate glass. The shrugged it off. My generation security man said. "I don't

Where the blacks make a difference to the scene



VIOLENCE exploded on the streets of Brixton, South London

this weekend comes just one year after similar scenes in St.

It came as no surprise to

those who have warned of the severe repercussions that the present economic simuation is

having on young people, and in

particular blacks. The question

for some time has been not if a riot would take place, but

Demolition confractors star-

ted work in Brixton yesterday.

Along with the fire brigade and repair services, they were

among the few allowed to bring

their vehicles into the area which had been effectively cordoned-off by the police, for

unlike Bristol, the police

Hundreds of black and white residents—their numbers bol-stered by local councillors, the

In Atlantic Lane, the heart

of Brixton's street market com-plex, proudly described in

tourist guides as having a "carnival-like" atmosphere.

"carnival-like" atmosphere, children rumaged through the

debris to see if anything of value was left. Scarcely a shop

was untouched by the looting. Jewellers, electric shops, food stores and clothing shops all

There was little, however, to

pick up in Railton Road, where incidents involving the police

and residents on Friday and Saturday appear to have sparked off the riot.

There, behind lines of police,

the road is littered with burnt-

cut cars. dustbin lids, which

were used as shields and piles

of debris from burnt-out public

houses and shops. A steach of burning rubber hangs in the sir.

station was barred, but queues

formed at the rear to report

damaged property and loss of

Mrs. Elizabeth Reid and her

on Errol were there looking

for a friend. He left the house

last night and did not return.

with him last night. He said:

Errol, aged 25, did not go

The front door of the police

received the same treatment.

and sightseers—were

the glass-strewn

have not withdrawn.

Paul's, Bristol,

the South Coast, with nothing ing held here four years ago they began to move in in to distinguish it from Kenning white children were greatly strength around the end of the ton to the north and Streatham to the south.

Transport was actively recruit
Although these four streets ing for staff in Barbados.

The growth of unemployment to the council had grandiose to the emergence of the council had grandiose to the council had grandiose t

which sets it apart. It is impos- look seedy, with a lot of refuse sible to be unaware on the in those houses which have Brixton Road, which bisects small front gardens and do not the main shopping centre, that front directly on to the street, here is one of the largest con-they are by no means decrepit centrations of black people in London. Nearly all are West guishes them to the average Indian, for there are relatively passer-by are the knots of few Asians or Africans.

taken over four streets which ment. All are black. run into the Brixton Road -

IF IT were not for its black Coldharbour Lane, Atlantic taken Brixton for their own been added. One lavatory and employment in Brixton. Job-

people standing outside shops, in particular, the blacks have on corners or just on the pave-

Why the blacks should have

large, often on three, sometimes four floors, and therefore offer great scope for sub-letting. Because of the various Rent authority spending.

Acts, which have protected tenants often at the expense of enforced those cuts at the same landlords, few facilities have time pushed up the rate of un-

ng for staff in Barbados. the council had grandiose One influence could have schemes for rebuilding the been the nature of the houses, centre of the shopping area-Brixton unlike Streatham a which includes Electric Avenue, mile up the road, is largely late- reputed to be the first street in Victorian. The houses are Britain to have public electric lighting—but much of this had to be abandoned as tighter controls were imposed on local

The national economy which

population. Brixton would be Road, Mayall Road and Railton remains an open question, one bathroom to a large house lessness in Brixton has always one of those anonymous London Road. When the Queen's Silver Although they were in evidence is common in many of the houses tended to be higher than aversuburbs on the main road to Jubilee street parties were be in the area about 30 years ago in the narrow streets behind the age and among blacks, especi-

splinter group of the extreme Left is active, and on a Friday night in particular it is almost impossible to get out of the tube station for the groups selling their newspapers. On the other side, the National Front have also been active in the area, leading to clashes between the various groups.

Anthony Moreton

MEN AND MATTERS

Lacey designs for Simplicity

The pursuit of Graham Ferguson Lacey is an activity not unlike a close-run hare and hounds race. There is a plentiful trail of paper to follow-acquisition circulars, air tickets, declarations of share stakes, imminent announcements—but, when the brow of the hill is reached, the quarry proves to have darted off

m a quite new direction.

As is traditional with hares,
March was a highly active
month for Lacey. It began with
the suggestion that NCC Energy the company of which he is chairman and a substantial shareholder, was entering discussions which might lead to its being taken over by U.S. uranium company UNC. It ended with the announcement that NCC was in merger talks with New York dress-pattern manufacturer Simplicity.

Lacey is a man capable of arousing great expectations. He was making the beginnings of his fortune in property develop-ment in Northern Ireland before he was out of his teens. Now 32, his interests stretch from fabrics to engineering to energy acquired in a career which has won him a wide reputation as a fast and com-piex deal-maker. Slightly over a year ago, the City's credulity was strained by rumours that he would bid for no less than Lonrho, speculation based on his negotiations to buy a 19 per cent stake in that group from Gulf Fisheries. In the event, neither was the stake bought nor the bid made. Instead, Lacey snapped up vinyl-maker Bernard Wardle, and bought NCC a stake

in Hampton Gold Mining Areas. What, then, should one expect from the putative liaison with Simplicity? What industrial "It's impossible to linger over logic is a merger between a Sunday lunch, for instance," pattern-maker and an energy says the Marchioness. "Or to let investment group? Doit-your friends who come to stay, lie in self oilrig workwear? The bed in the morning."

prospect of questioning Lacey So Ailesbury, a stockbroker prospect of questioning Lacey So Ailesbury, a stockbroker pleted shooting for this season, on his return from America last with Fiske and Co., and active while companies are reported to

desire to extend NCC in owned since 1068. America. The strongest lure of Avebury Manor Simplicity would appear to be a great house in the style of its cash, stockpiled over the Woburn Abbey. But it does another matter altogether.

it remains to be seen whether the Simplicity negotiations will stay the course, or whether they will prove to be another flurry of paper in-his receding wake. There is, at the very least, never a dull moment with NCC's chairman—though, to judge from his jet-lagged air after a punishing schedule of American meetings last week, the strain is telling on even his young and teetotalling constitu-

Circle line

Pursuing the sort of life familiar in many aristocratic homes these days, the Marques of Ailesbury, 30th hereditary Warden of Savernake Forest, lives in a stately Wiltshire manor house with his family, three peacocks, four Jacob sheep—and 8,000 tourists a year.

But Ailesbury has decided that it is time for a change. At 80p a head, the income from visitors, known in the trade as "ennits" ("Ennit gorgeous? "ennits" ("Ennit gorgeous? Ooh ennit lovely?"), has been useful in helping to preserve the mellow 16th century house near Avebury's megalithic circle. A constant procession through the house, however, does put a strain on family life.

Lacey's penchant for off-the- cided to sell the house and look record discourses made his for somewhere smaller and meeting with the Press a less more private to live, perhaps than satisfying one. But what in the 4,000-acre Savernake did emerge was, first of all, his Forest which his family has Avebury Manor may not be

years to a total reckoned at have its attractions. There is over £40m. What sort of long a 55ft well in the domestic or even short-term future a quarters, a ghost which "gently merger with NCC would leave haunts" one bedroom, probably Simplicity's pattern-making is the only Grade 1 Listed squash court in the country, and solar Given Lacey's mercurial past, panels to boost the electricity

Off the air

The picket lines are drawing up once more outside such famous Hollywood studios as 20th Century Fox Paramount, and Universal, as the American television and film industry settles into its third major strike within a year.

demands for a larger share in the burgeoning home video market. This time, in the wake of actors and musicians, it is the scriptwriters who are out. Members of the Writers Guild of America are demanding not Drummed out only a doubling of their basic pay rates, but six per cent of producers' gross receipts from pay television receipts and eight per cent from video-cassettes and discs. The pro-ducers are offering only 1.2 per cent royalties from both media, with no payments until a show has played 10 times on pay television or sold 100,000 recordings.

The actors struck for 66 days last September before agreeing to their new contract; the musicians for 157 days before settlement was reached in January this year. But it looks their hands. Most prime-time down owing to sickness—the television series have com- bank is sick of my overdraft." pleted shooting for this season, week was an enticing one. in the House of Lords, has de- have stockpiled scripts ahead-



"Good Heavens no. nurse! buildings, not patients!"

of the contract re-negotiation. Like its predecessors, the A film industry spokesman, strike arises mainly from union meanwhile, claims that it will be nine or 10 months before the strike has an impact on its

The cash-cutting zeal of Defence Secretary John Nott may claim some colourful casualties. For among the options envisaged in the Defence white paper due this week is a cut of a third in the numbers of Army bands-

men.
The cut would be phased over two years, hitting regimenbands the hardest, and probably leading to a reduction in public performances.

Poor shape

as though the scriptwriters may Sign in the window of a have an even longer fight on Birmingham. shop: " Closing

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FINANCIAL TIMES SURVEY

Monday April 13 1981

Switzerland

The manifest success of the Swiss economy has raised problems of its own: a migrant population which many Swiss find too large for comfort, and a small but violent section of youth protesting noisily against the pressures of life in a tight and traditional meritocracy.

The high cost success

By W. L. Luetkens

THE FUTURE was nicer. This phrase, wistful if somewhat ungrammatical, repeatedly occurs mong the graffiti spreading in Zurich since the outbreak of the youth riots there about a

Doubtiess it was sprayed by malcontent young people. But it tells one a bit about the state of the country at large. The purely economic adjustment to the end of the boom years of the 1960s and early 1970s has gone remarkably well. But in the social and political sphere much remains to be digested.

The riots are only the most obvious symptom. But there is and the term here includes there is a veering back to tradipresent danger of backlash against the disaffected

London ECIM 3LH

)ata Bai

to cope with. Can the country really afford a resident foreign population of almost 1m or almost one in six of all inhabitants? Are the banks too powerful? Was it wise to allow a construction boom, which lasted until the mid-1970s, to disfigure many resorts and to hring in a stream of foreign, largely German, owners of holi-day accommodation?

These questions are not really new they were raised often enough during the boom years. On an optimistic reading-but not one that is merely fanciful—the recession of 1975-76 with a steep fall of GNP could be regarded as the beginning of a healing process. The began to fall from a peak of 1.1m, not counting those on seasonal permits only. inflation rate was reduced to almost nil; the construction industry fell back from an immensely over-inflated 20 per cent share in the national

Changed attitudes

Not only foreign labour was reduced. Some 100,000 Swiss among the intellectuals of the also left employment—largely Left. Among the good burghers, women and part timers who did women and part timers who did not bother to register as unemployed. It may be signi-

traditional family habits, the bearing and rearing of children, in preference to adding to the family income.

If that be true, then it is a fascinating corollary to the youth troubles. The riots in Zurich are a part of the larger ferment among young people in the German-speaking world. But in Zurich they are probably less political than in neighbouring Germany. What characterises them is a rejection of the very principle of authority and of the values of affluence. The young are part of a generation brought up to believe that there was no limit to material advance, but which has been disappointed either by the recession or by sheer satiation. More serious, a certain proportion is finding the pressures a meritocracy hard to

It is important to bear in mind that the recession, though painful, only scratched the surface of Swiss wealth GNP per head is as high as or higher han anywhere in the world. (The comparisons tend to fluctuate with the exchange rate, but one need only look at the towns and the countryside to know that the people are very well off.)

That will remain the case even if, as seems probable,

been widespread among the not (or maybe not yet) the context of a world-wide slow Swiss. In recent years it has measurable but there seems to down, that was a brave performtaken the form of wondering have been a change in attiwhether the very economic tudes, encouraged by marginal oscillate around zero, with the
success of the country has not tax rates. Many women seem to
raised problems that are hard have preferred to return to
mistic forecast of 11 per cent

The price paid for last year's growth, coupled with the increasing price of oil, has been an inflation rate which has crept up again. Forecasts for this year go as high as 5 per cent (in terms of the GNP deflator). Others might envy such a prospect, but to the Swiss authorities, and to public opinion, it is

Upward pressure

Since declining import demand this year is expected to wipe out the atypical current account deficit of 1980, an inflation rate low by world standards pressure on the exchange rate. These things have a way of being self-fuelling: should the franc look strong, net capital expected to resume. The authorities are likely to tolerate a limited appreciation of the franc in the interests of controlling inflation. Should the appreciation assume the frantic proportions seen in the autumn of 1978 the Swiss face a severe dilemma. Official action to bring down the rate exporters worked well at that time because the underlying inflation rate was low; in the present situation a run into the franc could seriously push up

The record so far shows that

country that has been spared two world wars. But an element at least as important has been the ability of most Swiss industries to adapt to a changing world by innovation at home and, if necessary, by transferring production to lower cost countries. The watch industry proved an exception: it was slow to adapt to electronics and marketing methods, but now seems to have stabilised itself, albeit at a lower level.

contrasts strangely with the stability amounting almost to stagnation, of political life. All four leading political parties— from the Socialists to the by and Christian People's Party and the conservative Swiss People's Party and Radicals-have been in permanent coalition for almost 40 years. Political conflicts tend to be carried out within the parties: the Socialists at present are divided between and trade union wing, and a group of intellectuals who have put forward the Yugoslav model as an alternative to capitalism. tensions within Swiss society will have to become a good deal stronger before government by consensus comes to an end.

An obvious reason for that is the fact that, in government, each party does play at least a part in decision making. But there is a more fundamental reason and that is the Swiss practice of direct democracy, meaning the prolific use

The dynamism of industry middle of the road The political situation Engineering industry Problems of youth Economy—the short term Economy—the long term Financial institutions Investment abroad conservative working-class Outlook for insurance

> passed by the Parliament must be submitted to referendum. Equally, a referendum can be used to prod the Government into action. In recent years, four referendums to reduce the number of foreigners in the country were lost: but the Government got the message and has itself moved in that direction. And it also got the message when a referendum was brought in to improve the

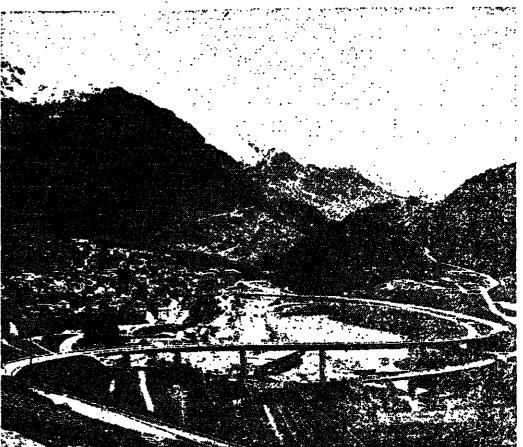
budge a little way in that What this amounts to is a system of checks and balances

more elaborate than in almost any other country. among them many of the dissatisfied young, see it as institutionalised stagnation. That can work both ways. The youth riots have provoked a

petition to that effect, laws status with residents, it did authorities undoubtedly aggravated the youth problem by wavering between tolerance. extreme toughness and sheer indecision. In the end they seem to have decided to try to find an

VII

Perhaps it is summed up in the case of a good burgher of Berne who was so incensed by the racket from a nearby youth sharp backlash in public and shot a young man in the opinion. But the very inertia arm. When he saw what he had of the system will probably done he trotted to the centre keep that backlash under to apologise, and then gave under to apologise, and then gave



The southern approach to the St. Gotthard Pass, one of the oldest north-south routes in Europe. A new motorway snakes its way up to the road tunnel opened

GONTRENIAS

The position of foreign workers

Geneva and the United Nations

Chemical industry

Sales of textiles up

Watch industry recovers

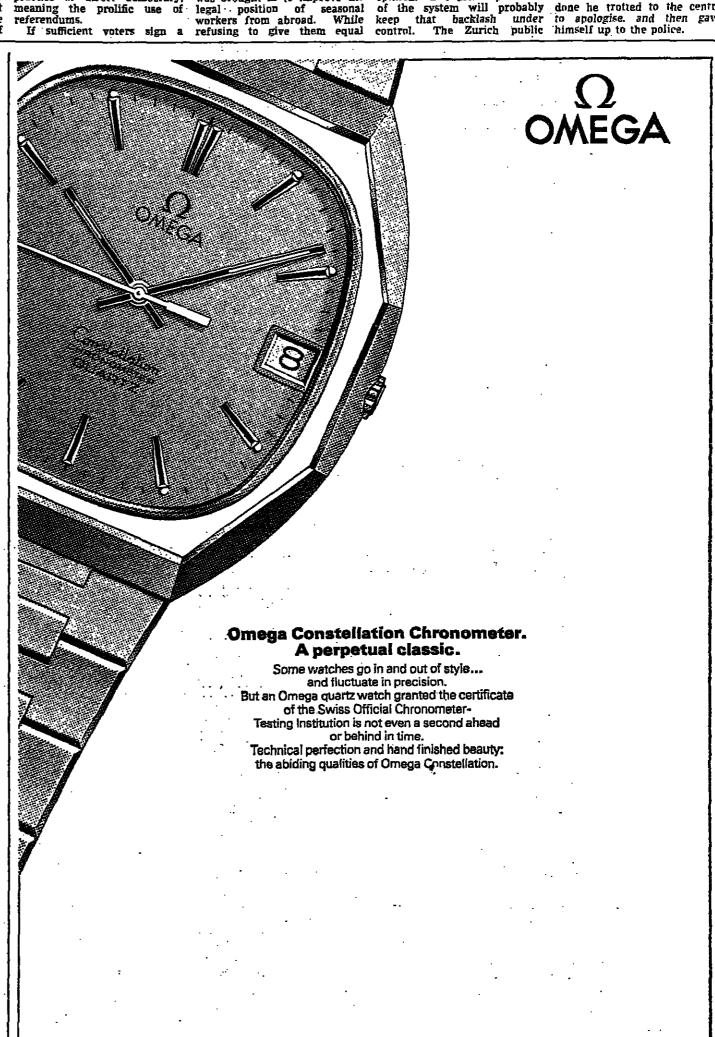
Swissair—the national airline

A favourite country for tourists

Switzerland as a transit country

tional values and the ever ficant that very few of them a vicious from the real growth rate of returned to employment when. domestic prices. about 2 per cent achieved last expanded quickly and labour year. By the standards of the these are problems that can be became short. These things are mature Swiss economy, and in controlled, parily because of THE LONGINES STYLE Some watches you buy. A Longines you marry. You can buy a watch for kicks or for keeps A Longines is strictly for keeps. Its electronics are pace setting. Swiss craftsmanship gives it long life and an impeccable finish. And the Longines Style should outlive a lot of fads. Even the century History 21409 1345. Also in all steel or 18 at gold. Prices subject to gold. Prices subject to change without notice itself. From £95. Longines: Quartz made in Switzerland. Catalogue from: Longines, 81/89 Farringdon Rd.,

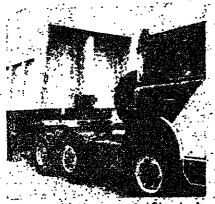
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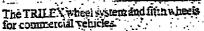


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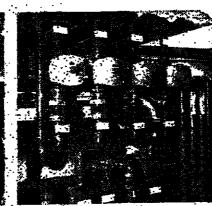
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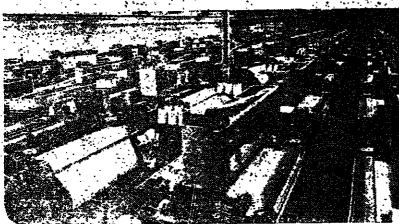




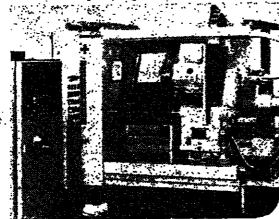
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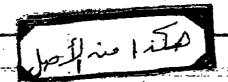
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Unrest brings a shift away from the middle ground

POLITICS

JOHN WICKS

IN THE political life of Switzerland, the past months have been marked by a new awareness of left and right. Ideological differences, long fudged by the collegial principle of coalition Government and the absence of major issues, are coming to the surface again. The middle ground is no longer

For many years Swiss politics have been based firmly on con-sensus. At the Federal level, the same four parties — the Social Democrats (SPS), the Radicals (FDP), the Christian Democrats (CVP) and the People's Party (SVP) — have been in coalition since 1959. Most cantonal and communal Governments are also run on a coalition basis, generally including politicians from left and right.

The phenomenon of the parties burying their differences for the common good may look thoroughly desirable at first sight particularly when com-pared with the automatic bickering of many two-party systems. It has, however, made for bland compromises which have done little more than paper. over the cracks.

A degree of polarisation has now been brought about by the youth riots in Zurich and elsewhere. For the bourgeoisie these constitute a serious danger to the State and the national way of life. For the left, and some liberals in other camps, the unrest underlines the need for a changing of the

In party-political terms, the Social Democrats have been most seriously affected by the riots. Coming after a series of anti-nuclear demonstrations, the youth disturbances widened the split within the party between the left and right Within the national organisation and some local elements especially within the Movement Perhaps more imporsections, the left-wingers have mostly Catholic CVP, but the tant is the fact that it will in

members and trade unionists, who claim the party leadership ridden rough-shod over support to the forces of disorder. At the same time, leftist-

dominated party machines have been dealing out hefty criticism at coalition administrationsincluding their own colleaguesfor what they claim are reac-tionary, or at least Illiberal, policies. These criticisms go far beyond the question of unruly routh. Once again, the old demand is being made for the SPS to stop co-operating with the non-Socialist factions and find its soul again.

Bitter discussion

The result of all this is to be found in growing internecine strife within the party. The tone of discussion is becoming sharp and often bitter, while sectarian groups are being formed-such as two bodies similar in their aims to Britain's Alliance for Social Democracy (in Zurich and Basle) or, on the left, a ginger group calling itself the "Groupe d'Yverdon" and demanding a return to pure doctrine.

It remains to be seen how the SPS will emerge from its Great Debate. It is certainly viewed with misgivings by the mainly middle-of-the-road Social Democrats in Parliament. Since the traditional voters among the urban working class have long been conservative rather than revolutionary, the belief that the party supports "the street" will hardly be a help street " at election-time. On the other hand, true-believer Socialists seem to be increasingly taken with the idea of the far-left Progressive Organisations (POCH), a political grouping which has done quite well for

itself in a small way, particularly among young voters. The other main parties are subject to few of the factional fights which are embarrassing the left. There are still liberal

gained key posts. This has bourgeois groups are generally alienated many of the right in agreement internally and wing rank and file, often older with one another that the fort must be held. Nor is reaction meaning a move towards the ultra-right parties; the Republican Movement and the National Campaign, which did so well out of the anti-foreigner groundswell in the early seven ties, are virtually finished at all

> Right-wing action tends to come from outside the estab-lished parties. To an increasing degree, the target has been leftist tendencies or sometimes simply alleged leftist tendencies -in the media. With some amount of justification, the State-run radio and television services have been brought to heel by protests against onesided reporting, especially, but not solely, in connection with the youth riots. At the same time, pressure has been brought to bear on left-of-centre newspapers by the withdrawal, or the threatened withdrawal of adver-

tising. In a particularly crass case, information supplied to the publishers of a small regional paper by the controversial rightwinger Ernst Cincera led to the dropping of a whole chain of correspondents accused of harbouring left-wing opinions. With less political background, but taken up as a liberal cause, was the dismissal of the editor of the Luzerner Neueste Nachrichten last year, a move fol-lowed by the resignation of a large part of the editorial staff.

Church attacked

Grass-roots opposition is also being levelled, at least in Zurich, at the Protestant Church for its stance. Considerable indignation, which could have consequences within the church was caused by recent editorial material in the cantonal Protestant newsletter felt to be encouraging rioters and

blackguarding the police. Within the school and University system there has been some over-reaction on the part of principals to the expression of sympathies for the Youth BASIC STATISTICS

41,000 se ku GDP (1979) SuFr 1586 Per capita

TRADE Exports SwFr 49.6lb SwFT 60.86b Imports Exports to UK. £2.61te Imports from UK £3.87hm

Currency £1=SwFr 4.295

future be harder than ever before-and it has always been hard-for a political non-conformist to be appointed to a permanent teaching post, which requires him to undergo elec-

tion by the local veters. The most dangerous thing which could happen as a re-action to Switzerland's Second 1968" would be the formation of vigilante groups. In the cities faced with nearly institutionalrioting, local tradesmen and residents are filled with dismay and anger at the apparently uncontrolled destruction and looting, especially when this is excused or even actively supported by some politicians, churchmen and professors. There have been only a few cases where citizens have taken the law into their own hands, but there is no lack of threats

It'is only to be hoped that the parties can keep up open discussion within their own ranks and with the publicwithout fuelling what could turn into civil conflict Nor is this only a question of the youth disturbances. A gulf seems to be widening between left and right which could go further than ruffling the surface of Helvetian consensus.

Successful year ends with a cautious note for future

ENGINEERING

JOHN WICKS

LAST YEAR was a good one for Swiss engineering. Although business was still well below the record activity of the boom period 1974 to 1975, there was a noticeable improvement in production, turnover and order levels compared with the pre-vious year. By the end of 1980, work in hand was running at a

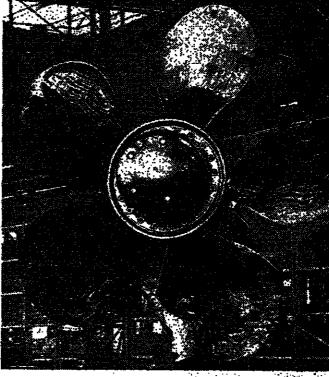
Prospects are less bright, how-ever. According to the Swiss Association of Machinery Manufacturers (VSM), forecasts tend to be "cautious to pessimistic."

In 1980 a total of 200 firms reporting to the VSM booked an 11.5 per cent rise in sales to SWFr 15.3bn (\$8.16bn). New business was boosted by lively export demand, orders from abroad rising to 12.3 per cent over the year to SwFr 9.81bn (\$5.23bn) as part of a new-order total of SwFr 15.18bn (\$8.09bn). The order-book value and that of work in hand were second only to the 1974 peak.

These statistics have to be put in perspective. The turnover figure largely reflected an overdue increase in sales prices, while both sales and orders were much lower than in the mid-seventies after allowing for inflation. Nevertheless, things definitely looked up again after the doldrums of the past few years. In spite of increasing volumes of production on the part of foreign subsidiaries. Swiss factories were working at

the world market after that.
The upswing in domestic orders, which rose nominally by

tomers account for little more



Land-locked Switzerland boasts one of the world's leading marine diesel manufacturers — Sulzer Brothers. This controllable-pitch ship's propeller was built by Escher Wyss of Zurich and Ravensburg, a member of the Sulzer group

ports of machine tools rose by 47 per cent in 1980 and those of textile machines—another "Made in Switzerland" speciality-by 53 per cent. The weakening of the Swiss-

franc exchange rate, since 1978, at least against the dollar.

volumes of production on the part of foreign subsidiaries. Swiss factories were working at full employment rates and with generally good capacity use.

Domestic upswing

The more sluggish economic conditions in important export markets began to make themselves felt in the final quarter of last year—at the same time, domestic customers started to buy more again. This trend has continued into early 1981.

While the machine-building and metal-working industries feel that all will be well until at least mid-year, they are concerned at the development of the world market after that.

At the same time dollar, at least against the dollar. At the semantic 1976, at least against the dollar, at least against the dollar, at least against the dollar. The fact that the dollar is nearly 30 per cent higher in terms of Switzer-land's position in the international market-place.

The damage done by the sky-bigh franc has not yet been overcome, though, not only because of the long delivery dates of some orders but also because manufacturers were unable for a considerable prices to rising costs. Even the adjustments made last year have been only partial. have been only partial.

At the same time, the difficult currency situation of the recent past has spurred Swiss engi-2.4 per cent during 1980 and past has spurred Swiss engithus showed a real-terms decline, neering companies to speed is welcome. However, Swiss custheir move into more sophisticated production programmes. than one-third of total new busi- Shares of 7 to 8 per cent of ness. At the same time, the turnover are being earmarked livelier demand for capital goods for R & D use today, or even in Switzerland has benefited more in the case of high-

The high Swiss franc, which made sales harder but acquisi-tions cheaper, also accelerated the industry's direct invest-ments abroad. In machine-building these are by no means restricted to the big companies; an increasing number of medium-sized and even small firms are investing in foreign facilities, particularly in the U.S.

Profits still leave a good deal to be desired. Most engineering companies have modest yields on turnover, some have been through some very bumpy years indeed. At present it would seem that enough is being earned to finance the necessary R. & D. but too little to build R & D but too little to build

backlog in the early months. Machine tools have profited from the large-scale refitting moves by user industries, while textile machinery has also experienced quite a comeback

Among the other sectors, only electrical engineering and the manufacture of heavy machinery have insufficient work on hand in terms of months' production. For engineering as a whole, the 1980 average of 7.68 months was the highest since 1975.

Halcyon days

It remains to be seen when, if eyer, the industry will return to the halcyon days before the mid-seventies recession. In 1974 order books were thicker in nominal Swiss france than they are today; textile machinery builders had 17.6 months work in hand (compared with a satisfactory 7:12 months last December), plant menufacturers 18.4 months (now a bare 11 months) and machine tool companies a backlog of 9.1 months work, com-pared with under 6.8 months at the end of last year.

Indeed, the backlor totals have been falling in most class since mid-1980 and in the fast manifes of this year. since mid-1980, and in the first months of this year are satisfied by stable or in slight declare. Initial indications by general ment statistics also point is a marked deceleration in output growth in the final three mostles of last year.

growth in the final three models of last year.

Future development will depend to a large extent on the economies of a relatively small number of countries. Though Swiss metal and machines are exported all over the world, over two-thirds of all foreign sales go to European countries. In 1980, nearly 23 per cent of the total export value went to the neighbouring West German market. Over half the exposits were destined for five countries—the Rederal Repubblic, the U.S. France, Italy and the U.K. Given the increasing intelligence of the Swiss production programmes; there seems no chance that there will be mach of a swing away from the classic industrialised world in the coming years.

What is good for the engineer.

R & D but too little to build up reserves sufficiently. The second half of the 1970s has coming years. What is good for the engineer spare funds from Swiss manufacturing companies which need replenishing.

It seems unlikely that much will go into the piggy-bank in 1981. Although a mote stable is swiss franc could improve matters, the year has statted off rather flat with no signs of a new boom in any sector of the industry.

A breakdown of the engineer. A breakdown of the engineer determined to a considerable in Switzerland has benefited more in the case of highforeign suppliers more than
locals. For example, Swiss imcommunications.

A consequence of highing business into product extent by foreign demand for
groups shows that most of them metal manufactures in general
have at least an acceptable and machinery in particular.

system of the country (as ex-

plained in the introductory article of this survey) tends to

cushion lurches towards Left

thisers among the professional

The likelihood is that the Movement can be contained, but

not necessarily suppressed. In

some respects it is the very product of Swiss success. Youth

unemployment is almost non-existent, but a report written

by the Helvetic Commission for

Youth, an officially supported body, blamed events upon the

collapse of exaggerated expecta-

tions raised by the boom of the

climate. Switzerland more than

ever has to raise productivity, to specialise, to increase the

qualifications of its work force.

That means heavy pressures on all but the most adaptable and

capable. Temptations to drop

out-if only for a rowdy week-

In the present world economic

fortunate ones have unruly, des-tructive football crowds. Zurich

has its unpredictable youth movement which shocked the world and the conservative local

nurgeoisie with violent riots.

Shop windows have been smashed regularly in Bahnhof-

strasse, a centre of the banking

world and of luxury boutiques, and in the pokey adjoining

streets of the old town centre.

. Much of it is merely bad, unclean fun. In the old town a

shopkeeper let down the steel

blinds to cover a gaping hole

in his window Someone scrawled the word "smash" on

to the blinds—grim humour rather than purposeful ideology.

rights and wrongs. Why did

young people get out of hand

in the tidiest country of Europe? Why did the police at

times use their truncheons.

water cannon and rubber bul-

lets before asking questions? Will events aggravate the lurch of popular opinion towards law.

order, and no nonsense? Will

there be another hot summer?

From social workers of good will you can hear that the

advance warning system failed

to work. Trouble had been brew-

ing long before last May when the world pricked up its ears

upon hearing of naked youths demonstrating against the re-

opening of the heavily subsi-

dised opera house. To them it

but of an elitist culture for the

hourgeois of which they wanted

aloof, anxious to avoid a mount-

which was dispersed with water

cannon. The police were caught

between city authorities deter-

mined to put an end to all the nonsense and the devil-may-

care attitude of young people

who refused to obey the rules

have been confused rather than

devious. An autonomous youth

centre was conceded: it was set

up in an abandoned factory.

hich is unwholesome enough

counterviolence.

But there had been warning signals long before that Fight-

Who is to blame?

no part.

Debate, is, raging about the

of society. The political establishment itself was divided. Some may have wished to fish in troubled waters. The world of the shopkeepers, fearing both for their windows and for the stability of the country, cried out for repression. Accordingly the authorities followed a course which may

or 2 € ¹⁵⁰ Halorm in

warrant pulling down. Then, in September, the police raided the place, picked up 16 drug addicts and a few young people

who had run away from home or from reform school. The centre was closed. immediately points



Zurich Canton police riot squad officers remove a car which was blocking the street when a student Commistration, for the release without charges of people arrested in previous riots, turned to violence people arrested in previous

Street violence throws up an army of questioners

the mess. In the case of the

recruited from less affluent

loads of politically militant

students coming from West Ger-

many to help stir up things.

That may help to explain why

other Swiss cities, which in any

case are more provincial than metropolitan Zurich, were spared last year. Berne has

an autonomous youth centre which looks garish in its pop

décor, but has given little trouble. So does Basie, where

young people occupied an aban-

tolerated by the owners. Geneva.

where there is a tradition of

Left-wing militancy, has been

For Swiss society the implica-

factory and were

tions are hard to foretell. The cnd—are therefore increasing, inevitable backlash among the Life is not easy in a meritocracy.

Zurich, no less than the auto-

something of a symbol.

Little trouble

spring to mind. If the police have occasionally dropped hints wast respectable majority has really want to catch drug takers that foreigners are to blame for already begun. But the political YOUTH RIOTS they could pick up many more on almost any weekend evening camp followers, that is unlikely in the old town. More funda- to be the case. They are largely W. L. LUETKENS mental: the entire concept of VIOLENCE WILL out The really unhappy countries have their wars and civil wars. More

an autonomous youth centre Swiss native families. But there or Right. Unlike the German cuts across traditional norms, are recorded instances of bus-It is almost a no-go area for the police where the young can do as they please. A number exist in other Swiss towns as well as in West Germany. But nomous centre, has become the Zurich centre achieved a something of a symbol. notoriety that the others do not

The few political militants or optential terrorists with some form of ideology-be it only the pursuit of violence for its own sake—are not really interested in the centre as such. But its closure turned it into a symbol. Churches and a welfare organisation, Pro Juventute, negotiated with the city until it provided funds for the centre to be re-opened, provided the laws were obeyed. Youth workers doubt whether that, by itself, will quell the troubles. But it does offer a chance to separate a miscellaneous crowd of disorientated youngsters from the hard core of the so-called Movement, a group of

perhaps, 80 people. That hard core includes many participants in the youth troubles of 1968, which spread outwards from Paris, These are people with a structured left wing ideology, or at least with a thought out emnity to modern capitalist society. The mass of the rioters are much younger people of no ideology at all. Some sport swastikas and give the Hitler salute. But these are surface symptoms only: they are fascist only in so far as they reject traditional modes of rational thought. Many of them are merely alienated young

people to be pitied if they were

not so destructive. A Zurich social worker recalls was a symbol not of fine music. a crowd of 60 young people turning up outside a youth centre on the shores of Lake Zurich and announcing that they would occupy the place because they needed somewhere ing among youth groups, akin to sleep. He contrived to reato the battles between English son with them and offered to mods and rockers. had taken pay for those in real need to place. In the autumn of 1979 windows were smashed in a shopping centre lodged in an underground passage outside the main Zurich relivant station. the main Zurich railway station. off. It is people such as these At that time the police stood whom the new sponsors of the autonomous centre hope to ing disaster of violence and separate from the hard core of near-terrorists. But for that to The process only began with happen a dialogue will have to the opera house demonstration. be begun.

Hopeful signs The chances of success do not look too good at the moment, but there are some encouraging signs. There is evidence that the camp followers, as opposed to the hard core, are at their most unruly in the last weeks before leaving school and the subsequent holiday. Once they are apprenticed—and that is the usual course for young Swiss who do not go on to tertiary

education many begin to re-integrate into society. None the less, the episode of the free hotel beds illustrates a failing in Zurich society which has encouraged, the troubles Housing is scarce. Subsidised housing is not available for the unmarried young. With fewer than 1 per cent of all flats empty in the country as a whole, a free market cannot

function properly. The beleagured city fathers

> inflation rates: G. An invastment in Swiss francs is the best way of protecting yourself from monetary depre-ciation in your own country.

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Why Swiss franc annuities? An annuity is a life income guaranteed by an insurance company. The purpose of an annuity is to provide you with a set amount of purchasing power each year, so that you can provide yourself with the standard of

living you want at retirement. In the table below you can see that for residents of the United Staates and the UKa Swiss franc annuity has offered an income that has more than offset the two currencies' decline in purchasing power through

With the hard Swiss franc, the purchasing power of annuity payments is fully preserved The American, British or German who

in 1974 had purchased a Swiss franc annuity

to-provide an annual benefit of 10.000 in his

domestic currency, found by reconverting

the Swiss francs-the following amounts available: DM S 12.996 12.846 11,157 12.566 14.415 17.726 1976 1977 13.360 11.520 12.631 13.494 20.000 1978 16.700 1979 1980 1981 22.874 20.366 21.461 17.809 13.264 18.659

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of what it would have bought in 1970. For many it makes sense to have some of their assets in another country... with less inflation... more economic stability... less unemployment... less government inter-

Why invest in Switzerland? Switzerland being not only small, but also harshly treated by nature, can barely feed half the population and has no raw materials. To pay for essential imports, it de-pends on exporting products and services, and if these are to sell they must be compe-

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ociated person in your contract. The guaranteed benefit will be slightly lower on contracts covering two persons but the benefit will be paid so long as either

Inquiry form

In addition to the guaranteed benefit you receive a dividend, which depends

on the annual profit made by the insurance company. The dividend currently amounts to a minimum of Sfr. 1.000.— p. a. for a 100.000 trancs investment.

What benefit is available

to a man on a single investment

of Sfr. 100.000?

The benefit is guaranteed for life, in the event of the annuity-holder's death, the part of the investment not used up will be refunded to his beneficaries.

.52 53 54

Annuity plan

Benefit payment to begin later

766342

7'167.10

6'927.50

6'692.60

6'463.50 6'238.50

6'019.50

Annual benefit

as from age

10'351 80

9'676.10

8'722.40

8'418,10

81120.80

7°268.20 6'994.90

70

14'534.90

13'582.50

13'125.10

12'671.50

12'230.50

11'801.80

111380.80

10'967.80 10'567.40

10°173.90 9'788.50

9'415.90 9'045.20 8'687.50

8'333.80

7'970.90 7'613.00 7'267.40

Annuity plan

Benefit payment

5'088.60 5'179.50 5'273.60

5'372.70

5'476.40

5'584.00

5'697.60

5'816.20 5'939.70

6'070.70

6194,30

6'322 60

6'457.80 6'596.00

€'739 00

6'889.50

YES, Iam interested in knowing more about a guaranteed life annoity in Swiss francs. Please send me, without engagement on my part, a personal proposal for examination.

First and middle names City/State:____Country;_____ Date of birth

Please submit a proposal under Plan A benefit payments to begin at once.

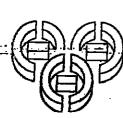
B benefit payments to begin from age. My partner is to be included in the proposal: De Date of birth

انسنسن) am considering a single investment of Sir.

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ECONOMY — THE

SHORT TERM W. L. LUETKENS

THE HIGH WIRE act of the Swiss economy has concluded another spectacular year, but 1981 looks like producing a wobble or two. The ever present problems of avoiding both inflation and recession is becoming rather more difficult than

it was last year. The basic policy aim of the authorities remains to comhat inflation. And in Switzerland that means something a good deal more radical than in many other countries: an inflation rate of 4 per cent is widely considered to be the threshold of pain. But a high level of de-mand, labour shortages, and a a recent depreciation of the Swiss franc-not to mention oil prices-caused the Consumer Index to rise by 5.2 per cent in the 12 months to January.

Imported ·

Almost half of that increase. in the view of officials, can be blamed upon "imported infla-tion," meaning the combined effect of inflation in supplier countries and the depreciation the Swiss franc. Trade weighted, the franc declined by more than 7 per cent during

It is therefore small wonder that early this year, in February, the Swiss monetary authorities joined the West Germans in raising interest rates. The object was not so much to attract funds from abroad: even after the two increases of the discount rate, nominal rates remained low by international

The strategy of the Swiss National Bank was to keep a hold on the expansion of the monetary base. Market rates having climbed, the commercial banks were making increased during the last decade upon a

A target for expanding the of Swiss GNP; in 1979 it was monetary base by 4 per cent 3.4 per cent (though oil has been set this year; unaccounted for 78 per cent of changed from 1980. During that all primary energy consumed); year however, the actual rate and for 1980 the estimate is was less and some monetary 3.75 per cent. year however, the actual rate was less and some monetary aggregates actually contracted. With imports accounting for in the present situation a repeabout one-third of GNP, the tition of that phenomenon would effect upon the domestic price.

the country's export perfor rose so high that mance, appears to be falling off, they faced ruin. though some of the most recent forecasts have been a little less pessimistic—than—expectations late in 1980. At home, investment demand seems to be at its peak or just past it. Demand for residential building is high, but is constrained by a labour shortage and could suffer from the rise of interest rates. elements. .

These together, should swing the current account back into surplus this year. Merchandise exports remain high as orders placed during last year's boom are carried out, whereas import demand is likely to ebb away. That will reduce the visible deficit below last year's record SwFr 11.3bn (about £2.6bn). In addition, the decline of the franc in terms of dollars and sterling should produce another good tourist year, coupled with a tendency of the Germans to take their holidays closer to home and in politically predict-

As a result the underlying elements exist for a reversal of the recent downward trend of the Swiss exchange rate. In moderation that would probably be welcome to the authorities: it would cushion the impact of rises abroad without seriously affecting the competi-tiveness of Swiss industry—or so the official view goes.

able countries

This cushioning effect can be detected in the relative mildness of the impact of the oil crisis

use of the discount and Lombard country that has no fossil fuels facilities to refinance them of its own. In 1970 the oil bill selves.

Economic prospects for 1981 the authorities are worried that are evidently delicately poised, they could slither into a situaDemand for exports of tion duplicating the evidence machinery which are situation duplicating the evidence of the situation of the evidence of the situation of the situation of the evidence of the situation of the evidence of the situation of the situat Demand for exports of tion duplicating the events of machinery, which are crucial to 1978 when the exchange rate rose so high that exporters felt

> . That pattern could recur if certain major countries switch to a policy of reflation with low interest rates and the danger of their internal price levels rising steeply. Were that to occur it could set off another run into the franc.

In 1978 the threat to exporters was warded off by abandoning monetary restraint temporarily. That occurred at a time of relatively low Swiss inflation rates and therefore presented fewer immediate dangers to the domestic price level than would a repeat performance in the to suppose that the Swiss banks

160

120ì

What makes it especially

difficult to assess the situation and prospects is that Switzerland does not publish figures for international movements of capital. Though the current account is usually in surplus. 1980 having been an exception the most pronounced fluctuagenerally been traceable to capital movements. Inflows tend be heaviest when the to exchange rate is already rising, when Switzerland looks OF especially attractive to foreign investors as a haven of security, not least from the tax collector

Abolished

There is some reason to suppose that at this juncture capital movements are lively both into and out of Switzerland. Institutional investors and some OPEC countries appear to have re-discovered the Swiss franc after a period when the dollar absorbed their interest. Most of the curbs on capital inflows have been abolished. But Zurich is also a lively exporter of capital. There is some reason

150

130

but private investors seem to have had fewer inhibitions.

A point to remember about the Swiss economy is that its strength is to a great extent one of accumulated wealth, rather than dynamism it is a mature economy, though unlike some others of which the same can be said, it welcomes technological innovation. As discussed elsewhere in this survey, expenditure on research and development is high by international standards, and the sophistication of Swiss manufactured exports is increasing

Statistically, the condition of a rich but mature economy is reflected in two figures: the last OECD report on Switzerland, in November, listed it as the world's richest in terms of GDP per head, which in 1978 came to \$13,340; on the other hand even in a near-boom year such as 1980, real growth of GNP was only about 2 per cent.

steadily.

between growth of 11 per cent from the OECD to a contraction of 0.7 per cent from Zurich university economic researchers. Forecasts for the rate of infla-

present, rather less favourable are not anxious to increase tion (as measured by the GNP internal conditions: their portfolios of foreign debt, deflator) -vary between 5 per deflator) -vary between 5 per cent and 3 per cent; recent events, especially the rise of the dollar and with it the price of oil to the Swiss make the higher

rate look more probable.
Since all forecasters are agreed that the unemployment ratio will remain negligible, this all adds up to a more than respectable performance by international standards. In part it can be credited to the structure of Swiss exports, which are largely composed of capital goods. As a result, Switzerland tends to lag behind others both on the way down and on the way up. But the Swiss are also reaping the reward for having taken on the chin the recession of the mid-1970s.

GNP shrank by 75 per cent in 1975, and by 0.6 per cent in 1976. Above all, a bloated construction industry, which had at times contributed about 20 per cent to GDP, was run a hammering from competitors Forecasts for 1981 vary in Asia and the Comecon countries and greatly reduced its labour force. In retrospect, both processes can be seen to have been a healthy slimming



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Special need for production-orientated services

1973 1974 1975 1976 1977 1978 1979 1980 OFF

The Swiss Franc: Effective Exchange Rate

NOMINAL

ECONOMY — THE -LONG TERM

W. L. LUETKENS

FEW STEREOTYPES are as misleading as the popularly held concept of the Swiss as apeople dividing their time between dairy farming (primary sector), banking, innkeeping, and yodelling (tertiary sector). All of these are important and often rewarding activities. But the Swiss are more than providers of services and primary products: they are among the world's great manufacturers.

OECD figures for 1978 show that 43 per cent of the employed population was busy working for industry—a proportion exceeded only in West Germany and Luxembourg among OECD members, and there only by the narrowest of margins. It is noteworthy that these statistics, though no longer quite new, post-date the last structural shakeout in Swiss industry: the severe reduction of an overblown construction industry, and the halving of employment in the watch industry.

It is, however, true that the trialisation), the Swiss are service sector in Switzerland is almost without the basic indus-growing as in other-countries tries that are in so much with a long history of industrialisation. It is a process that will continue. In some other by a free trade agreement with countries it is a process that the European Community), the has been criticised as "de- Swiss have not built up mass-

industrialisation." In Switzerland, whatever the reason, they seem to prefer the equally ugly but rather less frightening word "tertiarisation." The implica-tion is that services can be an ancillary rather than an alternative to manufacture. There are production-orientated services, and it is these which the Swiss

The history of their industries is one of increasing has had two further important multi-national specialisation and higher added value. The textile industry, though hard hit by overseas competition, has managed to increase productivity and output of specialities to the point where it can hold its own again..

Saved

became the great exception to is a rise of protectionism. appeared to be going under to the Japanese competition, but it does seem to have saved itself almost at the last moment. The machine building industry may be the next to come under attack.

In the race to keep up with more recently industrialised countries, the Swiss have certain structural advantages. Having no raw materials of becoming more pronounce note (except water power, the subject of course, to a degraph original basis of their industrial functural fluctuation. trouble elsewhere in Europe. Having a small domestic market (now admittedly complemented

the making of cars in large production units. That has saved them not only from Japanese competition which is causing motor manufacturers elsewhere so much trouble; it has also helped them to avoid heavy investment in relatively unadaptable and labour-intensive large plants

The smallness of the country effects. It has encouraged a free notably in the chemical, electritrading attitude on the grounds that economies of scale within It is a process that has been the grasp of medium-sized and encouraged and will probably the grasp of medium-sized and encouraged and will probably small enterprises could be be accelerated in the future by achieved only by exporting protectionism of one kind or Exports account for about one another throughout the world. third of GNP and in the case of the machine building industry for about two-thirds of output. Given such figures, the The watch industry nearly last thing the Swiss can afford

But the smallness of Switzerland has also meant that there has for long been an underlying scarcity of labour. Even in the heyday of migrant labour, that shortage was never completely overcompensated by workers brought in from abroad. Now that the influx of foreign labour has been reduced in the interests of a balanced population, the underlying shortage is again becoming more pronounced, subject, of course, to a degree

While not in itself an advantage, the underlying labour shortage has exerted constant pressure on Swiss manufacturers to rationalise and innovate. The result of their labours has left them with what appears to be an industrial structure roughly corresponding to what world markets demand, and one that is relatively price-inelastic.

Small rise.

The fact that Switzerland is a bigh cost producer has created difficulties again and again for individual industries; but Swiss industry as a whole has managed well. Admittedly, its share in world markets did decline for several years at the end of the 1970s, but last year, a particularly difficult one, probably brought a small increase of that

One reason advanced in Switzerland for the adaptability of the country's manufacturers is that they are organised in relatively small units. Plants with up to 500 workers in 1979 provided the jobs of 70 per cent of the employed pspulation. That is a size of plant (even if it is part of a large concern) which can adapt easily, and which avoids the alienation so of really large industrial plant. Moreover, if a small enterprise goes broke it is less of a dis-aster than the collapse of an industrial giant.

That does of course, pre-suppose compliant trade unions something that the Swiss do have. No strike agreements are the rule rather than the excep-tion. So, perhaps as a sort of compensation, are indexed wage agreements, or wake agreements with a trigger clause to re-open talks if the cost of living rises

unduly.

The unions are however showing a measure of militancy in

production industries such as the field of workers' partici- extremely high level of expendi- shortage will therefore get pation. The new programme of the Swiss trade union feder-The new programme ation calls for equal participation of shareholders and labour in the administrative councils of the larger joint stock companies. But it is rather a GDP on research and developlong term aim.

REAL: CALCULATED FROM

OF MANUFACTURES-

and its high cost structure have encouraged the formation of companies, cal, food and shee industries. The increasing attention of

public opinion to the environment is another reason encouraging the transfer of certain forms of industrial production into more spacious countries. The Swiss chemical industry, for instance, produces almost no basic chemicals in its home country.

Reaching out for ever higher added value in home production and the transfer abroad of more labour intensive lines are really two sides of the same coin. For the formula to work, there has to be a high degree strong, and the Swiss popula- consumer field, should increase of innovation.

Unique

The basis is provided by an to fall. The underlying labour

ture on research and development. A study made by the chamber of commerce organisation a few years ago showed that Switzerland spent the equivalent of 22 per cent of ment (or 2.9 per cent if you The smallness of Switzerland count in R and D done by Swiss

with a quota of 2.4 per cent, which was, however, inflated by there. defence spending.

What makes the Swiss posi-

private sector. The effort was sophisticated software. Other-almost entirely made by the wise the trend towards "intelli-chemical and machine building gent" products, towards solu-tions for problems rather than industries, which were therefore trying to create for themselves a strong basis for the leap into

The federal authorities have made an imaginative proposal for alleviating it. They suggest that housewives, once their children have left school should be offered vocational training at public expense if they want to take up employment. The par-OECD only the U.S. did better fact low, but it may be difficult to mobilise the reserves that lie

Those being the circumstances, the pressures will grow which have caused Swiss industry to innovate or emigrate. Application of the microchip may tion unique is that the equiva-lent of 1.7 per cent of GNP

be the answer in the next few years. But for that to work a tremendous effort will have to was spent on R and D by the be made to provide ever more

sustained. These are prospects that will affect not only competitors in third markets: they are relevant Competition from abroad and also for suppliers of Swiss imthe pressure of costs are likely ports. All going well, Swiss de-to increase in the coming years. mand for imported mass pro-The franc is likely to remain duced goods, especially in the tion of working age is beginning as a result of international

mere hardware, will not be

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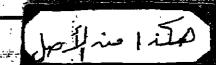
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Big rise in earnings but bankers sound a warning note

FINANCIAL Institutions

JOHN WICKS

EVERYTHING POINTS to 1980 EVERYTHING POINTS to 1980 having been a record year for the Swiss financial community. Net earnings of the five Big Banks rose by between 11 and 25 per cent, those of the 29 cantonal institutes by over 9 per cent. The assets of 71 banks reporting to the National Bank expanded by a further 10.9 per cent last year to no less than cent last year to no less than SwFr 373.5bn (\$196.6bn)—more than twice the country's gross national product.

Given this sort of growth, in volume and in income, it may have sounded unduly pessimistic when Crédit Suisse chairman Dr. Oswald Aeppli told shareholders last month that "the horizon is clouded by numerous problems and un-certainties." In fact, bankers are concerned at the effect which various domestic and developments could have, or are already having, on their business.

Foreign funds continue to play an extremely important part on the Swiss capital market and banking in general. Last year, bank loans to non-resident borrowers amounted to SwFr 9.44bn (\$4.97bn). private placements in Swiss francs to SwFr 8.4bn (\$4.42bn) and public bond issues by foreigners to a record SwFr 5.49bn (\$2.88bn). By the end of 1980, foreign assets were equal to 34.6 per cent and foreign liabilities to 26.9 per cent of the 71 reporting banks' balance sheet

Loss of steam

Despite this, there are signs of Switzerland's financial centre running out of steam, at least in comparison with its competitors. There have been only few additions to the foreign banking community in the country over the past years; the total number of branches and subsidiaries is no higher today than in 1970. Simultaneously, Switzerland's own banks have felt an increasing need to set up appearations. ing need to set up operations where it will probably fail. But abroad, the three biggest of them having established a foreign network totalling 125 ment is making concessions to branches by the end of 1980.

At the same time, the share of Swiss banks in the Euro-money market has dropped off very substantially, while in the to the Socialist demand for comfield of foreigners' bank deposits, countries like West Germany have booked a much faster growth since the mid-70s. In the flourishing sectors of portfolio management and gold trading, London and New York are proving increasingly serious

The slowdown can be attri-buted partly to the various and frequently draconic measures frequently draconic measures levelled against foreign Swiss franc holdings in recent years, though all of these have since been scrapped as the exchange rate has settled down at well below its former peak. A negative effect has also undoubtedly arisen from the high cost of Swiss operations, increased tax Swiss operations, increased tax and duty burdens and such moves as the imposition of sales At present, however, bankers

are more worried about the question of capital ratios. Switzerland has long demanded an internationally very high coverage of banks' balance-sheet totals he capital recourses. totals by capital resources, requirements which were generally rather more stringent again at the start of this year.
Big banks will now have to
cover some 7 to 8 per cent of their consolidated balances and most foreign banks, whose business abroad is proportionately greater, even greater shares. Outside Switzerland, most company of the company o petitors are faced with ratios of

rise means that something like SwFr 800m of new capital resources must be created, quite apart from any real growth of business. A further problem lies in the expectation that precious metal claims accounts will be included in balance-sheets for ratio calculation purposes. poses. Bank Julius Bär says that could make a 25 per cent difference to the balance-sheet total in its own case.

To meet the growing demand

for new resources, banks are resorting to an ever-increasing extent to subordinated bond issues. A newcomer to the market only last year, this type of borrowing is recognised by the authorities as creating new the need for a bank to carry out yet another rights issue. As it is, most stock issues in Switzer land—almost three-quarters of the 1980 total value—are by

One worry in connection with international business has been Government nor Parliament, and certainly not the National Bank, approve the possibility of subjecting interest earnings by Swiss residents from foreign Swiss franc bonds to the 35 per cent withholding tax. As domestic holders probably buy about half of these bonds, the result on the capital market

would have been a serious one. There is considerable relief, too, at the apparent rejection in the upper House of Parliament of a suggestion to slap a 5 per cent withholding tax on the interest from fiduciary interest from fiduciary accounts. This form of clients' risk business, which is not included in balance-sheets, grew by nearly two-thirds last year. By the end of December the 71 banks' net foreign position in Switzerland reached SwFr 22.3bn (\$11.74bn), the National Bank reporting that National Bank reporting that domestic branches handled more fiduciary transactions abroad than foreign business on their own account.

The demand for such a with-holding tax arose when the Socialist Party — a member of the Federal Government, but one that at times goes its own way — proposed a general attack upon bank powers and, in particular, abuses of bank secrecy. The matter will have to be submitted to referendum where it will probably fail. But blunt the impact.

The Government is working on a revision of banking legislation which is likely to accede pulsory deposit insurance; for a greater degree of publicity to be required from the banks about their non-bank affiliates; of their-banking interests (in practice already introduced by regulation); and for a limit to the number of directorships any individual may hold.

Punitive

Bankers say that the new rules governing consolidation and capital ratios will have a banks with non-bank affiliate companies, since an especially high capital ratio has been fixed for the participations listed on that existing participations the importance of which should grandfathering in, but new acquisitions could become acquisitions

That would gratify those on both left and right who complain that the banks exert too much power in the Swiss economy. On the other hand it would also raise difficulties in cases where a bank saves a company from trouble by turning debt into equity.

On the day-to-day front th squeeze on interest margins. Apart from having an effect on net-interest earnings petitors are faced with ratios of little more than 3 per cent.

The problem is compounded by the rise in the dollar. The biggest banks reckon that a 1-centime increase in the dollar against the Swiss franc adds

SwFr 100m to the balance-sheet; land since 1945. Through most of last year the National Banks.



Trading on the Basle Stock Exchange

PATTERNS OF BANKING								
	Switzerland	U.S.	Japan	W. Germany	G.B.	France*		
Bank branches and other outlets	4,861	36,518	17,029	44,344	13,968	19,137		
Aggregate balance sheets (SwFr bn) Including trust accounts	438 517	2,664	1,838	2,033	934	827		
Inhabitants per outlet	1,299	6,027	6,820	1,386	3,997	2,785		
Foreign assets as % of balance sheet total Including trust accounts	36.3 45.7	17.3	2.6	9.7	48,7	19.3		
Foreign liabilities as % of balance sheet total Including trust accounts	26.8 35.7	17.3	0.6	9.1	51.4	16.6		
Equity and reserves as % of balance sheet Including trust accounts	7,6 6.4	5.7	4.4	3.2	5.4	3.1		

1978: all others 1979. Source: Swiss National Bank.

a means of dampening inflation; virtually removed. Neither the on one occasion, "friendly per-Government nor Parliament, sussion" on the part of the and certainly not the National monetary authority led to the postponment of an already-announced upward adjustment in mortgage rates.

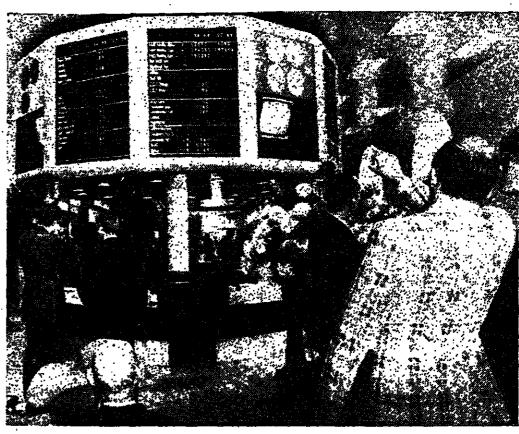
brought pressure to bear in franc deposits, an increasing a substantial increase this y favour of low domestic rates as amount of re-financing coming inter-bank Euro-market trans-

In the meantime, the National Bank has come to follow a rather different policy. By relying on

amount of re-financing coming on almost all fronts, the from such foreign sources as National Bank confirming the trend by two increases in the bank and Lombard rates to their highest point in 51 years.

What happens to interest rates depends to a large extent on the morrgage rates.

its money-supply measures to dollar and to Euro-market
With interest levels un-combat inflation—currently at developments. Recently, the realistically low for savings its highest level since 1975—rise in rates seems to have accounts in particular, many rather than depressed interest stopped. Nevertheless, domestic investors moved into more rates it hopes to bring the conlevels are hardly attractive in profitable short-term positions. sumer-price index down again in the medium and long-term. An Only 52 per cent of new the medium term. In the short acceleration in inflation to above domestic credit business was term, interest rates could rise the current 6 per cent would able to be covered by new Swiss further. There has already been make them even less so.



As universal banks, Swiss banks engage in all kinds of financial business, including security deals on their own behalf and that of clients. At Crédit Suisse headquarters in Zurich this giant circular board displays the latest Zurich prices and, on television, monitors the progress of the world's other major stock

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Companies look abroad for expansion

INVESTMENT ABROAD

JOHN WICKS

EVER SINCE Switzerland first joined the ranks of the industrial powers, its economy has been largely dependent on foreign markets. In recent years, about 40 per cent of the country's gross national product has been earned abroad-by merchandise exports, services and capital investments

and capital investments
Prosperous as the nation
undoubtedly is, there are little
more than 64m people and
Switzerland can absorb only a
part of the volume of highlysophisticated manufactures its factories turn out.

factories turn out.

Exports from Switzerland are prodigious. In 1980 they amounted to SwFr 49.6bn (\$26.4bn) or \$4,200 per head of population, in merchandise plus more than SwFr 10bn in the form of invisibles. Although domestic consumption of locallyproduced goods and services was probably well over SwFr 100bn, the key industries stand and fall with foreign

At present, the economy is slowing down. Sales on the home market are keeping up well but this is not enough to offset sluggish demand among foreign customers. Even a real boom in Suri Zerland itself would be of only limited value to much of the industrial sector. For the leading manufacturers, domestic business accounts for no more

the already large export volume spending cheaper and direct are numerous. First, the Swiss exports more difficult. franc is still a strong currency even if it is well below its peak figures or even estimates for of September 1978. At the same its capital expenditure abroad. time, inflation is rising fast and An idea of its importance can,

important pricing advantage; February's 6-per-cent rate may not be high by international standards but it was still above the comparable level in Germany, its main trade partner and competitor of the Swiss in world markets.

It is anything but easy to set up new production units in Switzerland whether for export or for the home market. Labour is extremely scarce—unemployment stands at about 0.2 per cent—and expensive when it can be found. The days when foreign workers could be imported en masse are long past. If manpower were available, it would be hard to find new, greenfields site. Much of the suitable building land is occupied, while available plots are expensive and their development increasingly liable to opposition by local residents and the environmental lobby.

Added value

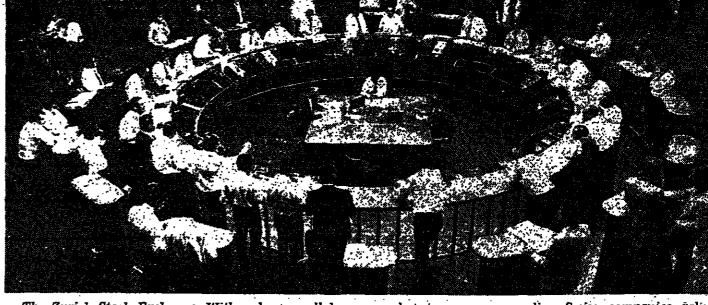
For these reasons, the considerable sums of money still being invested in Swiss manufacturing capacities tend to be aimed at increasing the added value of the product, at rationalisation and modernisaion of ageing plant and at the improvement of environmental installations. There are no really big factories being built.

Direct investments abroad, on the other hand, are responsible for a substantial and constant expansion of the operations of Swiss industrial and service undertakings. There has been a particular growth of such ventures in the past five years than a few per cent of turnover.

The difficulties of building up

Swiss franc has made foreign

Switzerland publishes thus robbing the country of an however, be gained from other



The Zurich Stock Exchange. With only a small home market to serve, expanding Swiss companies rely heavily on investment abroad

Governments' statistics. The include investments made by Bundesbank reports Swiss Swiss-based holding companies direct investments in the Federal Republic over the period 1961 to 1979 of a total DM 8.6bn (\$4.58bn at current exchange rates), which would put Switzerland in a position second only to the U.S. By 1979 Swiss interests had accumulated direct investments of nearly \$3.3bn in the U.S. economy, making it the fifth largest foreign investor in the country. UK figures are less up to date, but show Switzerland as the second largest net investor at the end of 1978. In the period 1962-78 Swiss direct investments in the UK (exclud-

amounted to nearly £790m. These statistics tend to overstate the case, since they in part

ing oil, banks and insurance)

Swiss-based holding companies in non-Swiss ownership. Nevertheless, the sum spent by locally-controlled companies has been considerable. Eight of the ten top Swiss industrial con-cerns may be taken as selling more from foreign production facilities than ex-Switzerland, while nine of the ten have been investing more funds abroad than at home.

Swiss industry and important sectors of the service trades, insurance is a case in point, have long been multinational in nature. For manufacturing industry, it seems likely that well over half the combined turnover of the 100 group largest companies is accounted for by the sales of foreign subsidiaries.

of non-Swiss activities continues to increase. Expansion at home is, for the reasons given, limited in most cases to raising the added-value content of the production. programme. Additions to capacity volume are brought about

further features, such as

growing desire of many already broadly-based groups to enter into new sectors entirely— examples of this include Nestle's move into pharmaceuticals and Sandoz into the seeds business.

Traditionally, Swiss companies had fixed their sights on Europe as the major field for vertical and horizontal growth. As important as the EEC and EFTA blocks remain for the industrial and service economy (last year these countries took nearly 60 per cent of all Swiss visible exports), recent years have seen an upswing in investment activity elsewhere. As mined to increase the already Ernst Horat of the Swiss important North American Association of Machinery Manufacturers says: "the European connection is no longer enough

Massive spending

Swiss companies almost trebled during the 1970s, with an increasing trend in recent years to the buying of existing firms.

The importance Switzerland has acquired in specific industries—such as pharmaceuticals or textile machinery or in specific areas such as the highly-industrialised State of New Jersey, where about 0.6 per cent of the work force is employed by Swiss groups—is

remarkable. The move westward will continue, despite the weakening of the Swiss franc, since most major companies are detershare of their group turnover. In any case, America is still regarded as one of the best places to invest.

—we need new engagements overseas as well." This does not mean that the Swiss are deserting Europe, A long list of acquisitions and building projects shows how For years now, the single keen companies are to foster favourite country for direct this closest and biggest sales investments has been the U.S. outlet. In this connection, the outlet. In this connection, the more and more by acquisitions in the Old World, the attractions tial investment, even mough and greenfields developments of the huge North American sterling is firm and the UK marabroad.

This process has been fall of the dollar combined to money is still being put into chemical, engineering, food-The end of the economic miracle UK continues to attract substanby Swiss undertakings. Accord- stuffs and other "typical" Swiss protectionism abroad, the need ing to the Swiss-American industries in Britain as well as of some companies to carry out Chamber of Commerce, the into such unexpected service vertical expansion and the number of U.S. subsidiaries of sectors as Alfred Marks Bureau.

winterthur insurance

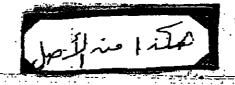
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Business improves and future looks bright

INSURANCE

BRIJ KHINDARIA

SWISS INSURANCE companies are flourishing and looking forward to still better times. Recent years were not among their best, but 1980 saw a distinct upturn in business with premium incomes outstripping the Swiss economy's average growth rate while investment income moved well ahead of

inflation. are exchanging words with the Government, which is currently revising laws governing accident, old-age and sickness insurance, but neither side is in a hurry to take decisions and healthy earnings prospects for 1981 and subsequent years will make any bitter pills easier to

swallow. The best insurance policy for insurance companies themselves is the natural prudence inherent in the Swiss character—and it is a policy that costs nothing while increasing earnings. The Swiss spend more on insurance premiums than on food and leisure activities. In 1979 (the latest figures available), the average Swiss family spent 14.6 per cent of its income on insurance premiums compared with 12.8 per cent on food and 12.6 per cent on leisure and educational activities. About one-third of the premiums was earned by private companies, with the rest going to the State for old-age pensions and national health insurance.

Although there is no legal obligation to do so, about 95 per cent of Swiss salary earners have insurance against accidents supplementing health and old-age insurances. Life insurance business has doubled every 10 years and there is no reason to believe that the 1980s will be any different.

Reinsurance continues boom, with Swiss companies handling about a fifth of the

Switzerland has 103 private insurance companies including 23 foreign subsidiaries. Of these, 22 are life insurance (including two foreign ones), 70 in general accident insur-ance (including 21 foreign and 11 in reinsurance. companies

companies have only 2 per cent of Switzerland's domestic mar-ket, but Swiss companies earned more abroad (SwFr 11.3bn) did at home

than they did at (SwFr 10.6bn) in 1979. Most of the life insurance business is domestic, with 5bn compared SwFr 1.6bn from abroad. But accident insurance earns SwFr 5.1bn abroad, nearly as much as the SwFr 5.3bn earned at home. Most of the reinsurance business is foreign-based earning SwFr 4.5bn compared with SwFr 240m from home.

Because of their large foreign business—95 per cent of pre-miums in reinsurance, 25 per cent in life and 49 per cent in general accident — Swiss companies are beavily influenced by economic conditions abroad, especially in Market.

They also closely watch legal and administrative developments in the Community, especially the Executive Commission's attempts in Brussels to harmonise EEC insurance The Commission obtained approval from the EEC's Council of Ministers for a series of directives affecting the insurance industry in early 1979. The Swiss Government then opened talks with the Commission to smooth wrinkles between its own practices and those within the EEC, but no complete agreement has yet been reached. The Swiss insurance industry

scored good results last year. Earnings in all types of insur-ance increased by 8.1 per cent and similar results are expected 1981, but some clouds are likely in the medium term.
The most important problem facing companies is a result of inflation, which causes claims made by insured persons to at a faster rate than increase increases in premiums. Another problem is the longer life span of people. This brought a 10-15 per cent increase in pensionplan linked life insurance

Premiums for theft insurance vehicles might allow some companies to

worth of capital investments this year. Accident insurers and earned SwFr 21.9bn in also hope that compulsory wearpremiums in 1979. Foreign ing of seat belts as of next June will improve their earnings.

Other problems stem from new insurance fields such as those arising from the development of nuclear energy, demonstrations and riots, consumer protection and under-insurance of equipment. Despite their vast wealth.

Swiss insurance companies own only 2 per cent of housing in Switzerland and 8 per cent mortgage loans. In the light of these figures, they bristle at suggestions that, together with banks, they dominate Switzerland's economy. But they are undoubtedly among the banks largest customers, especially for fixed term deposits. However, they are sharp competitors of banks where mortgage loans are concerned

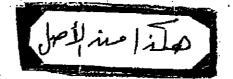
Shadow

With British, West German and U.S. companies, Swiss companies are among the most important in reinsurance. Direct insurers have also become active in reinsurance recently, allow ing Swiss reinsurers as a whole to earn nearly SwFr 7hn, including SwFr 1.7bn cornered by

direct assurers. The largest legal shadow on the industry's sunny horizon was cast by a motion launched Parliamentarian Yvette Jaggi in March last year to revise a 1908 law concerning the insurance contract. Mrs. Jaggi wants the contract to be fairer to policyholders. The companies are raising pained eyebrows but have agreed to make some changes on their own. The most important change is the soften ing of the principle of "indivisi-bility." As a result policyholders wish to terminate insurance before the premium year is up have a right to claim reimburse

ment of the unused premium. The companies already operate an ombudsman system to handle complaints by policyholders free of charge.

This year should be an impo tant one for the insurance industry in terms of the services it offers. Most companies have said they will create new policies to take account of new and unfixed in 1977 may also have to usual risks such as those arising be raised again this year from having a nuclear power because of more burglaries, station close to one's home. because of more burglaries, station close to one's home. However, better net earnings in However, policyholders can exthe minimum civil respon pect little in terms of improved sibility insurance for motor or cheaper services for such traditional policies as those for car and other accidents and fire



Members of the Swiss anti-terrorist force at target practice. Groups from around the world choose Geneva for meetings because of the high level of security

Locals view foreigners with polite distrust

GENEVA AND THE U.N.

BRII KHINDARIA

vi! servants working in the 14 ternational agencies and 10 ain non-governmental organitions based on its territory.

Out of a total population of 0,000, Geneva has 107,000 reigners. About 17,000 people ork in the international ganisations of whom four out five are foreigners.

But the local population hibits an abiding, albeit lite, distrust of foreigners, necially those linked to the ernational agencies, despite a fact that most of those ganisations have been in neva for more than 30 years. me organisations have been ere for more than 100 years thout really being assimilated the local "Genevois." Some eigners complain that even police show intolerance if foreigner breaks rules,

rak fluent French. filiuch dourness in a city which ation immediately after the st World War, when the igue of Nations was created. fles not only the foreigners also Swiss diplomats and ior city officials.

ecially if he is unable to

'omplicated

he already delicate relations the large population of ign residents are compli-d by the arrival all year ad of thousands of delegates especially those from Third countries, which outiber Western members of the ted Nations. More than 0 conferences were spread 14,800 meetings last year.

addition to conferences ad within the United Nations nework, Geneva remains a meeting neutral und for countries caught in licts. Among the more pro-ent of such negotiations it hosted were the Middle talks and those that later to Rhodesia's black majority rnment of Zimbabwe.

inisters from oil exporting itries also prefer to meet in of Petroleum Exporting

by so many varied groups, terrorist squads.

Because Geneva is so attrac-ENEVA. ONE of the world's tive for foreign personalities ost expensive cities, has an and other VIPs, it is a difficult classy relationship with its city to live in for anyone who rge foreign population, and does not have a very high articularly with international income or most of whose articularly with international expenses are not paid by his income or most of whose expenses are not paid by his empiover.

> who are usually well paid, com-plain of difficulty in finding —has two- or three-bedroom flats in Geneva. Geneva at reasonable rents, and controlled by a handful of longestablished estate agents, and to pay rents as much as onethird above those charged to Swiss nationals. Since Swiss immigration rules forbid purchase of homes or flats by foreigners for several years, the higher rents are usually whether they want to join.

Rents for furnished flats can be astronomical. An average family of four renting an unfurnished three-bedroom flat must pay about SwFr 2,200 a ternational organisations. Such national a sum could be as much as 40 Membersh per cent of a middle-level international civil servant's salary.

Despite their small numbers. people employed in international agencies spent
SwFr 1bn last year. All organisations taken together spent
SwFr 1.63bn, which equalled
82 per cent of the Swiss canton's total budget of SwFr 1.98bn. The largest organisation in Geneva is the European Centre

for Nuclear Research (CERN) which employs 35 per cent of the total personnel of international agencies and accounts for 38 per cent of their total spending. There are eight other major international agencies accounting for half the total staff and total spending. They are the United Nations Office in the International Europe. Labour Organisation (ILO), the World Health Organisation (WHO), the International Telecommunications Union (ITU), the World Meteorological Organisation (WMO), the World In-tellectual Property Organisation (WIPO), the international Education Bureau, and the General Agrement on Tariffs and Trade

their many com-

Countries (OPEC) is based in plaints, almost all international Vienna. One of the main civil servants living in Geneva reasons for the choice of Geneva are against moving to any by so many varied groups, other city. When Mr. Kurt other city. including warring factions, is the high level of security available. It has one of the world's best security services and anti-Waldheim took over as secreorganisations pased in Geneva to move to Vienna. The Austrian Government has even built a multimillion dollar office complex, called United Nations City, on the banks of the Danube which is rented to the UN system for a token sum. But only one significant agency—the United International civil servants, Nations Narcotics Commission

The attitude of the Swiss nearly 30 per cent live in nearby Government towards inter-French border towns. About national agencies seems to be 6 per cent live in Swiss cantons more tolerant than that of around Geneva. Almost all many of its people. Switzeraccommodation in Geneva is land is a member of every technical agency of the United Nations but has not yet been foreigners may find they have able to persuade its people to to pay rents as much as one-allow it to enter the United Nations as such. Entry to the United Nations has to be approved by referendum and no Government has so far taken the chance of asking the people

and Drug Abuse Control Fund

-has moved there

Mistrust

The reason most often given for this refusal is that as a must pay about SwFr 2,200 a neutral country, Switzerland month in areas close to the inpolitical Membership of UN agencies is accepted because they promote technical co-operation, as in health or labour matters. But the real reason for refusal seems to be the average Swiss citizen's firm mistrust of

government in general. The Swiss have kept even their own central Government to a very small size and have given it only modest functions. New Governmental initiatives which could increase those functions are regularly rejected in referendums. Being an intergovernmental and political forum, the United Nations is viewed with the same mistrust hy Swiss citizens as their own Government,

Swiss Foreign Minister Pierre Aubert, a Socialist, is a strong supporter of Swiss entry into the United Nations, He initiated study about the pros and cons of membership four years ago and has said that he will make recommendation next year to allow Swiss membership of the UN. It remains to be seen whether the Swiss citizen, rightly called the "sovereign," will accept that recommendation when the next referendum on UN membership is called.

Vital contributors to country's daily life

FOREIGN WORKERS

W. L LUETKENS

THE SWISS really are the most parochial cosmopolitans in the world — or, if you will, the cosmopolitan parochials. Helvetic confederation, but local loyaltles are at least as strong. The dividing line between the foreigner and the mere stranger may not always be clearly drawn. National loyalty is to the Helvetic confederation, but

To take an example. An electrician with the qualifications required to set up shop in one canton may find that he is not allowed to do so in the canton next door. That may be no more than a method of protection from potential competitors. But it will not do to underestimate the element of sheer local identity involved.

What applies to the Swiss stranger applies all the more strongly to foreigners from beyond the borders of the confederation. Everyone recognises that they play an important role in the Swiss economy, both as workers and as customers. But precisely because he is essential, the foreigner is liable to be considered a potential threat to Swiss ways and traditions, Where else in a population of 6.3m will you find almost 1m resident foreigners?

The fact of the matter is that today's Switzerland is not conceivable without the foreign contribution to most aspects of daily life. Its importance far transcends the role of migrant labour, originally brought in to be hewers of wood and drawers of water — or rather diggers of tunnels and layers of rails but now increasingly approxi- of migrant labour. All were

speaking romands of western Parliament have gone some way struction industry in the mid-reacted to popular criticism. arts are concerned, the French- works that the Government and Switzerland look towards Paris at least towards meeting the for inspiration, whereas Zurich wishes of the sponsors of the is part of the German-Austrian referendums - both pro- and circuit. Economic life is deeply coloured by a myriad foreign connections. The tourist judustry owes its beginnings to adventurous 19th century Brit-ons; the banks are celebrated

English understood

Besides the official languages of the Swiss confederation (French, German, Italian, and to a lesser degree Romance) English is widely understood: many public notices, for in-stance on the railways, are displayed in four languages,

English being one. But the phenomena that have stirred up emotions both in large number of migrant workers and the boom (now over or almost over) of the business of selling residential property, largely holiday apartment and chalets, to foreigners. Two catchphrases are bandled about: Ueberfremdung, meaning a surrender to foreign influences; and the "sellout of our counmeaning the holiday

Since the 1960s, popular pressures have been growing to get both under control. Four referendums have been held within 12 years the purpose of which was to reduce the number of foreign workers; another, held this month, was the wishes of the Government intended to improve the status

31,000 "frontiersmen" who have labour permits, but no residence permit and must

turn to their homes, usually in Italy, every evening; a maximum of 110,000 seasonal workers who may stay for a maximum of nine months in any one year; 209,000 people on annual permit which can be re-newed; and 684,000 with permanent residence permits who are on a par with the Swiss population except that they lack the right to vote and are not called to do militia service.

The controversial category is that of the seasonal workers, because they are not allowed to Switzerland and outside are the change jobs; do not qualify for unemployment pay until they have paid five months' contri-butions; and may not ask their families to join them. The recent referendum, sponsored by churchmen and the catholic trade unions, but supported by the political Left and many trades unionists, among other proposals would have made seasonal workers into permitholders with the right to stay on and to be joined by their

> That would have brought about an increase of the resident foreign population against which wants to stabilise the foreign element. It would also have hit tourist areas. which, the world over, are dependent upon seasonal labour. The conupon seasonal labour. The constatus and are increasingly admittedly struction industry, too, with its matching Swiss patterns of life. foreigners.

1970s was largely responsible

they had "exported unemployment." The statistics, admittedly, do show that quite as many seasonal labourers left Unless spot checks reveal what Switzerland in earlier years, but has happened, nobody is any the that they were replaced (or readmitted), whereas during the bad years they were not.

In broad outline, official policy is to stabilise the number of foreigners in the country at an "appropriate" level, with 1m being the figure apparently in mind, to please the anti-foreign lobby; but to give seasonal workers a right to annual permits after they have served four years of nine months each, or perhaps a lesser period. The long term aim is the integration of most of these people into normal Swiss life, while maintaining a certain elasticity in the interests of seasonal industry and adaptation to economic oscillations.

Overcrowded

The aim of integration can only be welcomed. The position of the seasonal worker is at least better than that of being unemployed in his homeland. But given Swiss rents and the limits on their stay, even though the number housed in hutments is declining of late, many seasonal men live under conditions of overcrowding. Those on annual permit after a while qualify for permanent resident

mating to Swiss patterns of life. lost. But it is typical of the seasonal patterns, would have the "sellout of the country" is another case where the way in which Swiss democracy suffered. The near-collapse of the con- Government over the years has anti-foreigner.

Leaving aside special cases such as U.N. officials at Geneva, foreigners in Switzerland can be divided into four categories:

31,000 "foreigners and property by some 200,000 At present they are being people—an occurrence which enabled Switzerland to weather recession without noticeable unsurbanded at a rate of about 5,000 are sent as under the quota is exhausted.

Swiss officials are extremely once the quota is exhausted. Purchases of property by foreigners are subject to permit. ment can be built in the name of a joint stock company and the shares be sold to foreigners.

> The system thus lends itself to abuses. Some years ago. a few rich Germans got into the news by establishing nominal residence in a Swiss commune! and acquiring citizenship (which requires local agreement) upon payment of a sumof money to the local authority. The whole thing was a tax avoidance manoeuvre therefore good business.

> There are some doubts whether the 5.000 vacation homes now being sold annually to foreigners—almost half of them to German purchasers— are equally good business. The communes are finding that they benefit little; and the owners often find that it is less easy than they thought to let the flats, profitably in their own absence.

A move is afoot to hold a referendum to tighten rules governing the sale of real property to foreigners. In pre-paration for the event, the Government itself is moving in the same direction. The number of permits may very well be cut.
Unhappily the damage has
already been done. Many a
resort has been disfigured by higgledy-piggledy development.



SCANDINAVE SUISSE



1980 Financial highlights —in millions of Swiss Francs— 1,109 Balance sheet total Loans and advances to customers 98 Capital and reserves 16 14 Operating profit 10 Net profit Institutional and private assets managed are in excess of SwFr. 1,500 million.

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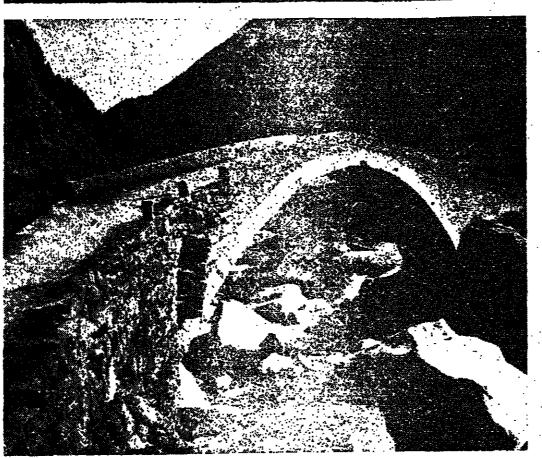
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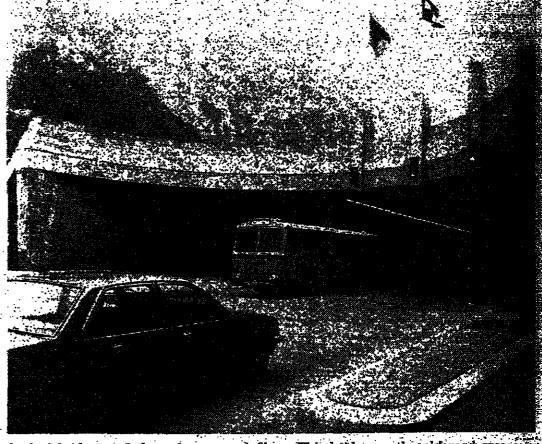
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In an earlier age the route across the Gotthard required painful progress over hum phacked bridges and through narrow defiles. This bridge on the old road cross the River Reuss at the northern approach to the pass. Right: Today's traffic at the northern entrance to the St. Gotthard road tunnel, the longest in the world. carries the N2 road more than 10 miles under the pass between Göschenen and Airolo

New routes for Europe's stepping stone

A TRANSIT COUNTRY

JOHN WICKS

FOR A country with such a difficult terrain, Switzerland has a remarkably dense communications network. Little more than balf the size of Scotland, it boasts 41,000 miles of roads, 3,125 miles of railway track, three international airports and-in Basle-a substantial port. These not only serve a highly industrialised and wealthy local economy but also play an important role carrying goods and passengers in transit. Its position straddling the Alps has meant that the country has always been a halfway house between northern and southern Europe. The Swiss stepping

by pack horses existed for cen-North-South European trade.

expanding inter-business has made Today, national transit trade and goods transport into a incrative source of income. In 1979, net earnings from these two sectors of the economy contributed a combined SwFr 835m (\$544m) to Switzerland's balance of payments on current account. As the major surface carrier, Swiss Federal Railways last year made nearly 14 per cent of its operatakings on transit movements.

Movements between third countries are also of considerable importance for Swissair, with hundreds of thousands of passengers changing in Zurich and Geneva annually. Less easy stone became particularly valu- to put a figure to is the benefit able with the completion of the to Swiss tourism of the constant St Gotthard road some 150 years flow of en-route motor traffic-

ago and the building of the rail particularly that from Germany tunnel under the pass half a to Italy-but certainly most cars century later. A pain negotiable do not drive through non-stop. Due partly to the growth of turies before and gave central through traffic. Switzerland is Switzerland a ker position in faced with a massive rise in use of its communications systems in the coming years. The Government's "Transport Concept" policy paper foresees a 50 to 70 per cent expansion in road transport volumes, one of 80 to 100 per cent in rail traffic and an increase in air transport by 130 to 170 per cent in the period 1974-2000.

By far the greatest improveto the road system, at least with respect to transit traffic, was the opening last year of the St Gotthard motorway tunnel. The longest in the world, this carries the north-to-south N2 road a distance of over 10 miles under the pass between Göschenen and Airolo. The construction of the tunnel, cost SwFr 686m (about \$365m). was aimed primarily at improvinner-Swiss connectionsproviding the first allveather road link Italian-speaking canton Ticino—and not at speeding

Nevertheless, the tunnel is a veincies in transit. providing the shortest route between Germany and Italy. alternatively a tunnel under the The road under the St. Gotthard lops more than 90 miles off the Frankfurt-to-Milan route via western Austria. as well as being toll-free. This Easter and the coming summer season should see heavy use by foreign motorists; long-distance lorry drivers bave been frequenting the Swiss route in large numbers since it opened. The N2 motorway from

Basle to Chiasso, is by far the

international traffic.

most interesting development for motor traffic driving through Switzerland. Since the Seelis-berg tunnel in central Switzerland was opened at the turn of the year, the only real bottlenecks on the north-south axis exist on part of the stretch between Airolo and Bellinzona, where the motorway is still track on the Bern-Lötschberg-Simplon line through the Lötschberg pass between the cantons of Berne and Valais. under construction. A small gap north of the tunnel, near Sursee, is to be closed this year, The N2 is part of Switzer-land's SwFr 31.2bn (\$16.6bn) The SwFr 632m (\$336m) railworks, which would double the motorway programme begun in traffic capacity between Frutigen the early 1960s and due to be completed towards the end of and Brig, would be of great value to transit goods between Italy and Northern Europe. Of the century. Transit traffic will also benefit, particularly from less immediate value for interthe completion of the West national connections is the system motorway Swiss . tunnel of nearly 10 miles from Uri into the Valais on the between Basie and Geneva, the final junction of motorways in urban Zurich and—albeit to a Furka-Oberalp Railway, the SwFr 300m (\$150m) for which lesser extent-the filling in of gaps in the north-eastern roads Federal Government.
The question of financing the

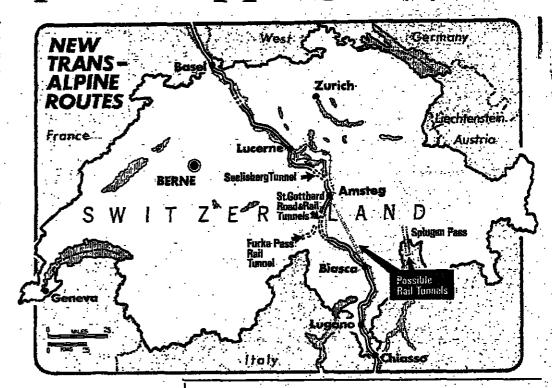
Railways' turn Nevertheless, the motorway programme is slowly drawing

from Zurich to Constance and

to an end and an increasing amount of money is to be spent on improving rail links. A major share of this investment will fall on Swiss Federal Railways (SBB), which operates 58 per cent of the country's network and is the hearer of the Government's Main Rail Axis project. A number of important transit facilities are already in

hand here. Some SwFr 350m (\$186m) is being spent on re-routing the crossroads traffic at the Olten junction, Switzer-land's answer to Crewe. A further SwFr 280m (\$149m) is going on the widening of the St. Gotthard rail tunnel by 1984; this will enhance the SBB's piggy-back facilities and allow passage through the rail tunnel of lorries up to 3.7 organisation. Parliament is to metres high. West-East traffic discuss the question, which has already been strengthened by the recent completion of the Limmattal marshalling yards—the most modern of heir kind in Europe-outside

International air passengers will have to be spent on improvwill beneat from an SBB rail ing the railway network. This service into Geneva Airport to concerns not only the SBB open in 1987 after investments system, since many so-called of SwFr 189m (\$100.5m). This private railways are in public follows the much-lauded ownership. Either directly, or running of a line into Zurich via subsidies to the shareholder Airport at a cost of SwFr 330m cantons, a lot of Federal money (S175.5m).



The really gigantic rail project would be the construction of a "Gotthard Base" rail tunnel, running nearly 29 miles between Amsteg and Biasca, or **FOR SALE** Splügen Pass between southeastern Switzerland and Italy. Either of these would be **ANOTHER WORLD** extremely expensive (the Gotthard Base version would **NOT WORLDS AWAY** cost over \$3.35bn) and both are the subject of widespread Freehold investment or a second home in the regional and national controversy. The cantons are luxury of a lakeside apartment in Montreux completely at odds on the or the quiet splendour of an aloine home in

MONTREUX

Villars-sur-Ollon.

question. Speaking in Zurich

last month, Transport Minister

Leon Schlumpf said that

opinions would also be obtained

from neighbouring countries

before the matter goes before

On railways other than the

SBB system, the most ambitious

scheme is the laying of a second

is heing provided mainly by the

huge road and rail programme

is a hig one. Motorway construc-

tion has, in fact, been paid in

full by fuel levies - which may

one day be dropped as a result.

Road maintenance is another matter, though. Largely for

reasons of national policy, the

Government is against motor-

way fees or tunnel turnpikes. However, a heavy-vehicle levy

is favoured, the proceeds go to

the cantons to pay for repairs

necessitated largely by goods

For the railways, the Govern-

ment is trying to help the SBB

at least to work more profitably.

The Federal Railways, once-well

in the black, have been running

at a loss since 1971. While the Transport Ministry points out

that railway deficits must be

weighed against the economic value of the rail system, it wants to see the SBB freer to act as as a "commercially-minded"

organisation. Parliament is to

could presumably mean the

removal of some of the less realistic tariffs and fares, later

Whatever the case, Berne realises that very large sums

will go to these enterprises, too.

transport.

this year.

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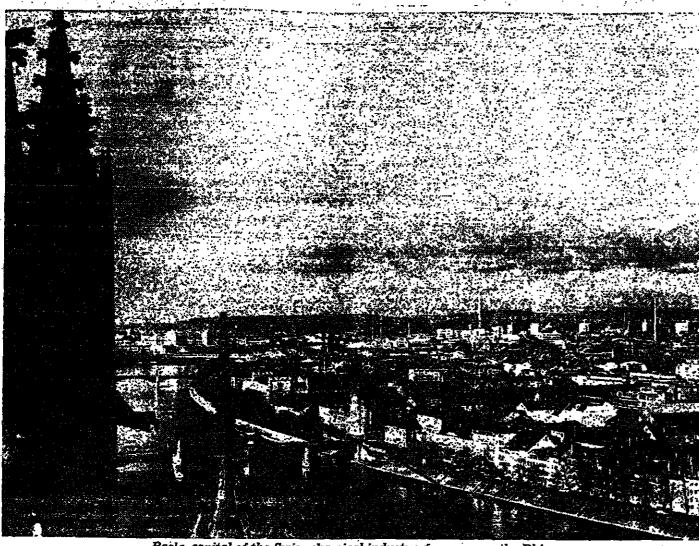
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Basle, capital of the Swiss chemical industry, from across the Rhine

Manufacturers worried by pressure on profits

CHEMICALS JOHN WICKS

THE SWISS chemical industry has been going through a period of modest growth. Last year average turnover was only 3.9 per cent higher than in 1979, or by just below the country's inflation rate. Production volume rose by no more than 1.7 per cent, while exports went up by a rather more respectable 7.5 per cent, to SwFr 9.46bn

This increase was, however, well below that of 12.7 per cent for Swiss exports as a whole, and reflected cautious price increases rather than a corresponding expansion in the sales

At the same time, business in most sectors slowed down in the second half of 1980. The production index for the industry as a whole was lower for the two final quarters than for the corresponding periods of 1979. The surge in sales in the early months of the year soon petered out. Even in the case of Sandoz, whose group profit rose in 1980-by some 17 per cent nominal income was still below 1977

These are, of course, overall developments in a highly diversified industry. Export figures point to rather better growth for pharmaceuticals, the most important branch of the chemical sector exports by only 4.8 per cent. Latest official figures show that in Switzerland, and a considerSince the industry lives largely the Swiss-based chemical able improvement in value by the processing of imported terms for agro-chemicals, raw materials, which account plastics and toiletries. Sales of for over half the chemical Swiss dyestuffs to foreign imports of SwFr 6,28bn markets dropped off by 4.3 per (\$3,34bn), this indicates the cent, on the other hand, despite an improvement in average

What causes the manufacturers concern is less the problem of nominal growth than the increasing pressure on profits. In fact, all the Big Three chemical companies in Basie— Ciba-Geigy, Hoffmann-La Roche and Sandoz—booked record sales last year. But profitability has left a good deal to be stable desired. In the case of Ciba many Gelgy, Switzerland's largest Mark. post-tax earnings actually fell to the lowest level since reces-

Profit margins have not been much to boast about for some years...On a group basis, the Big Three showed a yield on sales of only 33 to 42 per cent in 1979. The past year now seems to have brought a further deterioration.

The extent to which profits have been squeezed is shown in a calculation made by the Swiss Society of Chemical Industries This shows that last year the average price per kilo of chemicals rose by extent to which the added-value margin is being eroded.

The reason for the chemical companies' inability to raise sales prices sufficiently is today less a question of exchange rates as it was in the late 1970s. In the past couple of years the Swiss franc has become much cheaper in terms of such important currencies as the dollar and sterling, and stayed many others, including the D-Mark. Today the problem is to chemical producer, group sales an increasing extent one of jumped by 20 per cent while growing competition on the world market and, especially in the highly political pharma-ceptical sector, governmental control over prices.

An indication of thi development is given by recent Swiss Customs figures for exports. These show a 7.7 per cent drop (despite the "lighter" Swiss franc) in average prices for pharmaceuticals in Here, the question has been both of actual price controls various countries' measures against patent protection for medicines:

The narrowing of profit margins comes at a time when companies are confronted not only by rising raw-material and labour costs but also by a growLatest official figures show that the Swiss-based chemical industry spends 11.6 per cent of its turnover in research and development-excluding an increasing amount fed to groupowned research units abroad The nature of Swiss chemical production demands a high innovation rate, and unit costs for the development of marketable products are rapidly rising

The Roche concern, which has one of the most sophisticated of all production pro-grammes, has decided to grammes, has decided to counter what is calls the explosion of research costs. The group, whose 1979 R and D expenditure equalled 12.4 per cent of sales, is gradually to reduce its Swiss research staff (without redundancies, at least initially) and close down a marine-biology research station in Australia.

Basle chemical industry will, or can, retire from large-scale research activity. There does, however, appear to be a move towards increased cost effec tiveness which could well lead to similar measures being taken As far as investments are

concerned, the number of projects in Switzerland itself fell noticeably last year even although individual investments were larger. The move is still towards upgrading plant and equipment and further increasing the sophistication of the individual product there. This means a considerable sum is still being spent at home.

Multi-national

While the national market accounts for only a few per cent of the sales of at least the major manufacturers, foreign sales do remain extremely important and still make up 19 per cent of all Swiss exports. Smaller manu-facturers, particularly those in-volved in consumer products. have a prosperous domestic market apart from any export business they may be engaged

But to an increasing extent, the Swiss chemical industry is a multi-national one. Well over one-half of new capital expenditure is being made abroad (in 1979 only 21.7 per cent of Roche investments were in Switzer-land) by acquisitions and expan-sion of existing subsidiaries. The requirements of the market are likely to strengthen this trend this year and in the future.

There could also be a growth interest on the part of chemical companies to enter new industries. Executives are not keen to put all their eggs in one basket, despite the size of the chemical industry.

As yet there are few indications how business is developing in 1981, though it is certain that the profits question will coutime to worry the Swiss chemical boss.

First signs are that the pharmacentical industry has got off to a fair start, while agrochemical producers are optimistic in view of growing U.S. cereals production. The sorely-tried dyestuffs business expects little from the current first half and feels it will not be able to carry out necessary upward adjustments in price levels, while the plastics sector is also looking to the second half to bring an improvement. In the consumer field, detergent manufacturers expect sales to remain more or less unchanged—the result of a

virtual zero-growth in the Swiss

pópulation.



Why Basle became the capital of a vast empire

ow did a wealthy but quiet mercantile community of about 27,000 people in 1847 become the centre of one of the greatest industries of the twentieth century?

No one answer will do but some elements in the history of Basie stand out as plausible parts of a tolerable one. There was a great deal of capital in Basle. When it joined the Confederation in 1501, it was already the richest citystate in the region... There was also the only Swiss university, founded in 1460. Renaissance Basle welcomed the alien, the eccentric and

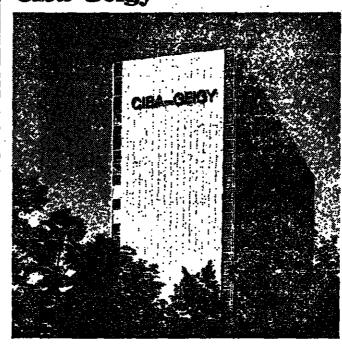
the heretical with more insouciance than most other European cities. Basle naturally became the home of a native Swiss tradition of free thought. During the late seventeenth and eighteenth centuries Basle and its university claimed the Bernoulli family, who, like so many of the city's craftsmen, preferred the tolerant patrician atmosphere of the city to the absolutist repression around it. The Bernoullis, rather like the Bach family in music, produced four generations of brilliant mathematicians. scientists and scholars.

This rich cultural and scientific background helps to explain the spectacular expansion of chemistry. As early as 1845, Christian Friedrich Schönbein had produced the first man-made material. A professor at the University of Basle, Schönbein investigated the effect of sulphuric and pitric acids on various substances. He saw that cotton underwent a chemical transformation while retaining its fibre structure. The cellulose of the fibre became cellulose nitrate. Schönbein's new cotton (he called it Schiessbaumwolle or 'guncotton' because it was so inflammable) later became the basis of the first plastics.

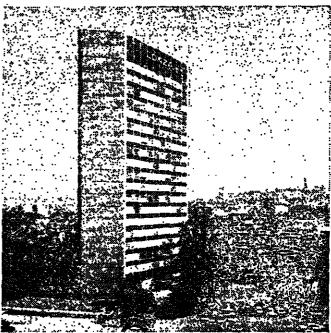
In spite of this lively tradition Basle seemed very narrow to the young patrician Jakob Burckhardt when he returned to his native city in 1843. After Berlin, Paris and, above all, after the literary intoxication of the Ladybirds -A Society for Philistines', which he had joined at Bonn University, he was struck by the cellular qualities of Swiss life: 'How much a city like this silts up without stimulating life-giving elements from outside. It is not good nowadays if such a tiny corner is entirely left to its own individuality!'

Yet the very individuality which Burckhardt deplored turned out to be the precondition for the most general of developments, the growth of an international dyestuffs industry. The 'tiny corner' had specialised in economic survival for centuries and now Basle on its own competed with that greater Germany to which young Burckhardt was so partial. In the process, it may be argued, the tiny corner ceased to be what it was and became the capital of a vast empire of plastics, drugs, hormones, dyestuffs and glues which have literally transformed the physical circumstances of all mankind."

Ciba-Geigy



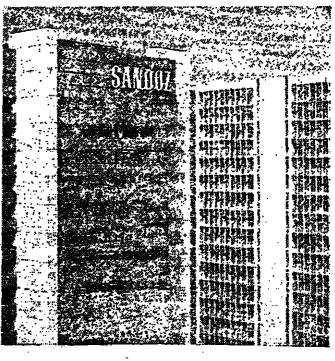
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ANALGESICS

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EUPHORIA to REALITY THE CEO's FIRST 100 DAYS*

What Chief Executive Officers feel and do in their first weeks on a new job is critical for them and their companies. But many are blissfully unaware of what lies in store.

Too often the new man does not understand why the previous CEO failed. He has been told little about the organisation, his associates, or the board of directors.

In their first 100 days the management of people was the most delicate problem for CEOs. Asked where they might have done better, most felt they had been too abrupt in dealing with associates and that they should have spent more time listening.

They are under great pressure to act. but rarely are they sufficiently briefed for major decision making. Yet, if they spend too much time wending their way through a labyrinth of technical problems, mixed with motivations and dubious staff capabilities, they lose freedom of action.

CEOs in turnaround situations typically complain that they are so busy closing down losing operations and trying to stop the bleeding that they do not have time to act in a positive way and concentrate on long-term planning.

There are no rigid rules on how to behave in a new job, but here are some suggestions to help minimise the headaches:

Put competent staff into position quickly - keep an open stance with employees - set priorities early do not hesitate to make use of an outside consultant.

* Based on a study undertaken by Berndtson International Executive Search Consultants to summarise candidates' conclusions on the critical "first 100 days" spent at the helm of their new companies.

Copies of this study can be obtained from:

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vard du Théâtre

petitors have created a new American-made cent by SSIH to conduct research into new technology. especially the use of industrial THE SWISS watch industry saw robots. A special study is currently under way within the first results last year of its Assuag to see how relations can restructuring efforts sparked be further tightened with SSIH. about five years ago by a fall

WATCH INDUSTRY

BRIJ KHINDARIA

in demand, the rise of foreign

competitors, a stronger Swiss franc and slimmer profit

SSIH is still losing money and

1976. In the first half of 1980,

the group, which holds the

Omega and Tissot brandnames,

lost SwFr 42m after a drop in sales of nearly 7 per cent. But

the main losses have come from

the need to absorb SwFr 100m

(\$56m) lost over the past decade

The strategy ended in disaster because of cut-throat competi-

tion from Hong Kong, Japanese

and American manufacturers.

It also appeared ill-conceived

because it took no advantage of

the Swiss watch industry's main

asset - its reputation as a

builder of high quality and

Assuag, which makes Longines, Certina and Rado

watches, has scored better

results. It scored an 11.7 per

cent increase in consolidated

turnover to SwFr 1.3bn, com-

pared with an 11 per cent fall

in the first half of 1979. Almost

84 per cent of that total came

SSIH is trying instead to bolster

from sales within Switzerland.

makes

the low-price watch market.

Disaster

reliable products.

Restructuring pays off after

The Swiss watchmaking industry as a whole is gaining ground after a very difficult six-year period. Total watch The two largest watchmaking production rose in 1980 to 96m groups. SSIH and Assuag, have units. well above the 1977 peak units. well above the 1977 peak been retrenching and moving of 93m and last year's dis-out of cheap watches into appointing 81m level. Exports medium and high quality tradi-tional watches while increasing peak of SwFr 3.7bn, reaching production of electronic SwFr 3.5bn last year, up from SwFr 3 2bn in 1979.

In volume terms, cheap watch nas not paid a dividend since exports at 41m units outnumbered the medium and high quality watch exports at 30m units, and those of electronic watches at 12.7m units. But in value terms, cheap watches earned only SwFr 283m compared with SwFr 1.8bn from quality exports and hecause of a large-scale effort in the early 70s to break into SwFr 977m from electronic watches.

Export earnings from higherquality watches were below the 1979 level of SWFr 1.9bn, but those from cheap and electronic watches were above the SwFr 236m and SwFr 681m earned respectively in 197. Swiss watchmakers take the

entire credit for their increas-ing success in pulling out of the difficulties that hit them during the past decade's second half. In fact, the industry is moving into a troubled relationship with the Government after a long period of working together. The main reason is that the industry feels the Government and some large Swiss banks have been less than helpful in providing cushions through export credit policies for foreign exchange losses suffered by it.

In contrast with SSIH, Assuag However, the relative stability on foreign exchange markets is making a vigorous effort to increase electronic watch sales. and the Swiss franc's recent Last year, the share of such weakness compared with the watches in total turnover reached 61.6 per cent, up from dollar has helped watch exporters to recoup some of the price 55.1 per cent the previous year. edge in foreign markets lost between 1976 and 1978 because of its high quality products divithe dollar's drastic fall against sions through improved designs

and better marketing. The industry has fought back
In an unusual act of co- tooth and nail against the chal-The industry has fought back

six difficult years operation the two large com- lenge from Japanese- and to cut costs. Last year 8.2m electronic Swiss watches were manufac-

> in Switzerland. While the country has gained independence from foreign suppliers of electronic watch components, it is turning increasingly to developing countries

> world's largest producer and

exporter of watches, Swiss industry has taken large strides

in recent years. Today, all elec-

tronic components in Swiss

watches are designed and made

with cheap labour to set up pro-duction facilities under licence,



The Swiss industry has been hard hit by cheap digital watches, mostly made in Hong Kong, Japan and the U.S.

petitors have created a new American-made company — Microbo — owned 65 watches. Although it has lost tured or assembled abroad, comper cent by Assuag and 35 per first place to Japan as the pared with 7.9m in 1979 and sent by SSTH to conduct world's largest producer and 5.6m in 1975.

Equal partners

For every 10 movements or modules made in Switzerland, three are assembled abroad, mainly in South East Asian countries and particularly in Hong Kong. Apart from cheaper labour, Hong Kong is attractive because of its flourishing case and bracelet industries. The situation recalls the period between 1930 and 1950 when Swiss watch movements were exported en masse to Germany because of its case no bracelet-making industries.

For high quality watches needing very slimline and stylish cases, the Swiss are trying to develop manufacturing capacity at home. But SSIH, for instance, has entered an equal partnership with Japan's Nippon Miniature Bearings Company to create the precision watch company in Singapore which will make watch cases using advanced Japanese techniques. Initial production has been fixed at 500,000 cases for 1981.

Most Swiss watchmakers are also trying to diversify out of time-keeping devices into related precision-engineering fields using microtechnology. Such diversified products now represent about 6.5 per cent of total sales and several companies are reporting figures as high as 10 per cent. For instance, Assuag earned SwFr 154m from such products last year equalling 11.6 per cent of total turnover, up from 10.9 per



\$3m will buy this Kallista watch from the Genera factory of Vacheron Constantin. It incorporates 118 diamonds

electronic watches to one-fifth because of likely adverse econoof total Swiss-assembled pro- mic conditions worldwide. The ducts in 1980 from one-eighth message is that companies must in 1979, the industry has also considerably tightened quality controls. Last year more than 80 per cent of jewelled-lever watches inspected by the watch quality control institute posted results below 5 on the perform. SwFr 433m-worth of Swiss ance scale (with 0 being per-watch movements for assembly fection and 20 the pass mark). The industry has also introquality control duced new

standards. The Swiss watchmakers watches, while West Germany federation is telling the industhe third largest buyer, bough try that it must continue to SwFr 227m-worth.

While raising the share of show great caution this year continue to tighten belts and unprove product quality and styles. The industry's main market in both value and volume terms is Hong Kong, and re-export to other coun-The U.S. imported tries. SwFr 350m-worth of mainly medium-

Better market conditions lead to higher output and sales

TEXTILES

JOHN WICKS

THE SWISS textile industry, which suffered considerably in the recession of the mid-70s, was in much better shape last Generally market conditions in the first half and the more favourable exchange rate led to higher output and sales, while a recent survey conducted by Union Bank of Switzerland shows that about three-quarters of the companies questioned had im-

proved their profits.

For many years the industry. whose main centres are in the north-eastern cantons and the Ticino, has been updergoing a salutary slimming cure. In 1966 a total of 850 factories in the textile sector (excluding apparel and shoes) were employing 68,371 people; by last year there were only 501 with a total labour force of 36,425. At the same time, sales have grown substantially. For 1980 the trade organisation. Industrieverband Textil reports further rises in all product groups.

An important part of the business lies in its large export sales. Swiss exports of fibres, yarns and fabrics last year amounted to nearly SwFr 2.23bn (\$1.18bn). When apparel and shoes are added the export value rises to SwFr 3.53bn (\$1.88bn), or 10.2 per cent more than in

While the past year was thus a good one for most manufac-turers, the trade association says prospects for 1981 are uncertain. European markets

time when the dearer dollar has sales value. These figures indisent up the price of raw materials.

Government figures point to Less encouraging are the a falling-off of new-order levels new-order figures. Only the since about mid-1980 and a drop wool and synthetic-fibre weavers in production volumes starting recorded an increase in both about the same time. For the rear as a whole. Industrieverband Textil reports a 5.5 per suffered considerable setbacks, cent decline, to SwFr 1.46bn Initial indications are of a (\$776.6m), in orders received spinners and weavers. By the end of 1980, work on hand was equal; to about four to six months production.

Staff shortage

A serious problem is the continued scarcity of manpower. At present, the industry has about eight situations vacant for every potential recruit. A year ago, the ratio had been of "only" four-to-one. This grave shortage of staff is leading to production difficulties and long delivery dates, neither of which phenomena are desirable in such a competitive market.

There seems little hope of this problem being solved in anything like the near future. Traditionally, the textile comaverage percentage of foreign workers, only a trickle of whom are now allowed into the country. In the battle for the small number of Swiss job-seekers, the textile industry frequently has to offer uncongenial working conditions in out-of-the-way areas.

The most expansive branches of the industry last year were wool and synthetic-fibre weava rate of 14 per cent and sales by no less than 25 per cent. wool spinners, with output up 10 per cent and turnover 11 per

cate the important role played during 1980 in price increases.

volume and value terms. The cotton and silk industries the first quarter of 1981. Much of the decline in order-

book growth last year was caused by a 9.6 per cent fall in new contracts from abroad, the domestic market keeping almost up to 1979 levels. The fall in export orders was due at least in part to the long delivery dates caused by the lack of personnel

Nevertheless, foreign business-which still accounted for 47 per cent of all new orders in 1980—has been showing a long-term growth. The Swiss market, though well able to pay premium prices for textiles and textile goods, is hardly capable of much further development because of the almost complete stability of the population and the considerable pressure from imports of yarns, fabrics and finished clothing. These jumped by 17.4 per cent last year to SWFr 5.51bn (\$2.93bn)

There is not much chance of Swiss textile manufacturers being able to improve their earnings substantially, if at all. this year. Already, the UES study says one-third of all companies await a further deterioration in their profits.

In 1980 producers had boosted their earnings by higher prices ing, whose production grew at and rationalisation on the shop floor, as well as by increasing their sales volumes, though few companies were making enough to finance the necessary investfor Swiss textiles are relatively cent, and cotton spinners, with ment projects. Companies were sluggish and the subject of increases of 5.8 per cent in still falling by the wayside, bitter competition, this at a production and 15.5 per cent in either reorganising their pro-

duction or closing altogether. Even one of the most successful companies, the French-owned Visconsuisse concern, finally closed its eponymous viscoscfibre plant in Emmenbrücke and had to cut back temporarily on the output of two syntheticfibre units.

In general, the industry appears to be expecting a less further drop in new business in satisfactory run of business in allied clothing industry, weavers and spinners are grateful for the better conditions of 1980. but concerned as to what could happen after this summer. As it is, the textile industry as such has been faced with sluggish markets and rising costs for some months past.

Little leeway

A major difficulty will be the need for further rationalisation. not only to cut manufacturing costs but also in the light of chronic lack of manpower. It remains to be seen to what extent prices can be raised further on the home and export markets so as to help finance the substantial capital expenditure involved. In fact, there is probably not much leeway.
At best, the textile industry

can hardly hope to fare as well this year as last. At worst, it could be faced by a new strengthening of the Swiss franc — making exports harder and imports easier — or a continua-tion of the rising national inflation rate. Whatever the case, Europe

will remain the real market for Swiss textiles. Some 80 per cent of all fabric and yarn exports from Switzerland go to EEG or EFTA countries. Almost exactly the same share of Swiss imports of textiles come from the same source. There is a problem in volved in trade with Community countries, however, and this is what the Industrieverband calls the "discrimination" against Swiss exports when these are processed in third countries. For some years past the indus-try has been trying to clear up this matter, but with little success to date.

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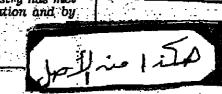
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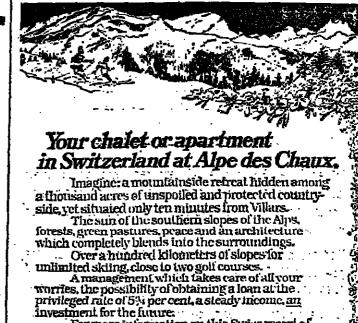
A workmen adjusts a cotton embroidery loom. The Swiss textile industry has met the challenge of the new industrial countries by increasing automation and by



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Occupation:

A national airline which still operates at a profit

SWISSAIR

MICHAEL DONNE

AT A TIME of soaring fuel costs, with airlines throughout the world reporting heavy losses, it is refreshing to find one airline that continues to be profitable. This is Swissair, the flag airline of Switzerland, buf which is largely privately owned by many thousands of small shareholders.

During 1980, Swissair earned a net profit of SwFr 44.3m (£11.8m) and the directors are recommending an unchanged dividend of SwFr 35 per share. During - 1980, the airline's revenue rose from just over £701m to more than £757m, but higher costs also took their toil, so that the cross profit fell from £64.5m to £52.7m.

This profitability is not only more than welcome in an era of heavy airline losses elsewhere, it is also a fitting commemoretion of the airline's 50th anni-On that day in 1931, the airline was set up through the amalgamation of Balair and Ad Astra Aero, two small air companies, set up respectively in 1925 and 1920. The origins of Swissair, therefore, really go back to the latter date. But Swiss civil aviation goes back even earlier, for in 1919 Major later Colonel) Arnold Isler then commander of the Swiss Air-Force, had set up an air service between Zurich and Berne, using Swiss-built military Hafeli-DH-3 aircraft flown by air force pilots.

Fast pace

From its formation in 1931, lowever, Swissair set a fast pace of development with routes throughout Europe. In 1932 it became the first European airline to operate the Lockheed Orion, a single-engine, low-wing monoplane with a retractable undercarriage, carrying four passengers and cruising at 162

By 1984, a big jump to twin-engined Curtiss Condors, each carrying up to 16 passengers, meant that Swissair had to employ air hostesses—the first afrline in Europe to do so. By the outbreak of the Second World War, the airline's fleetconsisted of five DC-3s, three DC-2s, a Dragon Rapide, a Fokker F-VIIa and a Comte AC4, yielding a total of 163 seats.

But during the war, scheduled services were suspended. and it was not until July, 1945, that in common with other atrlines, Swissair resumed major operations.

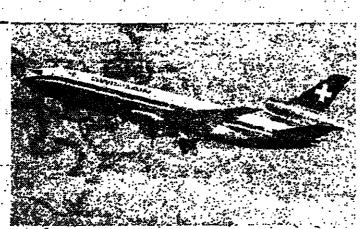
A regular link with New York was opened in 1949 with delivery between 1982

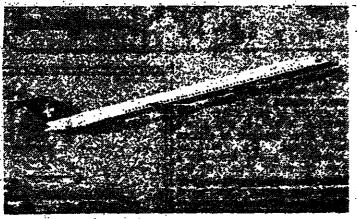
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The aircraft of today

Two of Swissair's current fleet: a McDonnell-Douglas DC-10 (top) and a DC-9-80

four-engined DC-4s, soon to be 1985, two extended range DC-10 replaced by larger, pressurised Series 30s for delivery in 1982. DC-6Bs. The longer range of and 10 of the new 200-seat A-310 Airbuses for delivery between these aircraft allowed new routes to be opened in the 1983 and 1987, with another 10 of these aircraft on option. The 1950s to South America and Tokyo via South-East Asia. The conversion of these Airbus options into firm orders will be DC-6Bs were followed on longdecided between February, 1982, and March, 1986, and will haul routes by DC-75, while concurrently the network was built depend on the growth of traffic up in Europe and the Middle East. Destinations to Africa demand. were added in the 1960s.

The first jets came in 1960, and since then the ficet has expanded considerably. Today, Swissair has a total fleet of more than 50 jets, including two Boeing 747Bs for the North Atlantic route, 11 Douglas DC-10 Series 30s for the North Atlantic and other long-range routes, five DC-9-62s for routes to Central Africa, the Middle East and some European sectors, and over 30 Douglas DC-9 short-to-medium range twin-engined jets in various versions for the European and other shorter sectors.

The airline has an order for 15 of the new, advanced DC-9 Series 81s, which are now in process of delivery, with an option on another five.

In addition, the airline has on order five more Boeing 7478, in the Series 200 version, for traffic-intensive routes such as to London, Paris, Frankfurt, as well as on well-frequented medium-haul routes such as those to Athens, Istanbul, Algiers and Tripoli, among Swissair makes a particular point of stressing that, despite the financially hazardous post-

The A-310s will be used on

Record sustained

ment subsidy.

Of its share capital, 76 per cent is in private hands, with only 24 per cent in the hands of Government institutions and local authorities throughout Switzerland. For the past 29 years the airline has regularly paid dividends of between 4 per cent and 10 per cent to its shareholders, with the exception of 1961, which was a bad year of a deliberately fostered image for the world air transport of high-quality that the airline's industry generally. Even during that year, however, the airline made a small net profit, though not enough to enable a dividend. to be distributed.

For 1980, the figures just released show that the airline has sustained its record, with another net profit of £11.6m. and an unchanged dividend of SwFr 35 per share.

butable to good management, right one, and we intend-to including a refusal to be rushed pursue this objective."

nto decisions either on new routes or on new equipment until all the consequences have been weighed. Also unlike other operators, the airline is a slim one. It carries nearly 7m passengers a vear, but maintains a staff of only 15,600 to handle those passengers and maintain and fly a ficet of just over 50 aircraft to 93 cities in countries.

The airline does not waste

money, or its technical abilities. It is a member of the international KSSU group of airlines, which includes KLM of Holland, SAS of Scandinavia and Union de Transports Aeriens of France in .which common equipment procurement policies are pur ued as far as possible which leads to common design initiatives prepared by the airlines the manufacturers. No major aircraft builder would think of drawing up ideas for a new venture without discussing it with the members of KSSU.

New York hotel

With KSSU, the airlines also co-operate in the technical maintenance of their jet fleets (747s, DC-8s and DC-9s for Swissair, SAS and KLM) and DC-10-30s for all four airlines in the group.

Among recent developments. the airline has moved into the hotel business. It has hought the Drake Hotel in New York, from Loew's Corporation, under the trade name of "Swissotel" which is being-applied to the international chain of deluxe and first-class hotels being established by the airline, in conjunction with Nestle, the multi-national food producer. the first 10 years it is planned that there will be 10 to 15 hotels, of which not more than four will be in Switzerland.

This does not affect Swissair's interest in the Penta group of hotels nor the hotels belonging to the Nestle group in the U.S. Swissair places a substantial

emphasis upon maintaining as many direct air links with other countries as possible. This is because Switzerland is not only tourist country, but also an industrial one, with exports amounting to over SwFr 100m a day. Thus, while tourist traffic accounts for a substantial pro-portion of Swissair traffic. ousiness traffic is also considerable and is regarded as one of

This is reflected in the recent decision by the arrine not to follow the example set by British Airways, Air France and some other European airlines to abolish first-class and introduce new concepts of "Club" and "Tourist." Swissair makes no secret of the fact that it makes a profit from its first-class seats on short-haul European routes, and that their availability is part of a deliberately fostered image to Swissair and to Switzerland.

Super 80s, the quality of cabin service is among the highest of any airline in Western Europe and the airline works hard to sustain this standard. As presi dent Mr. Armin Baltensweiler said recently; "We believe that There is no secret about this our policy of consistently aiming achievement. It is bluntly attri- for the highest standards is the



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the sunny garden

war years, the airline has remained independent of State control, and receives no Governthe mainstays of the airline's

> management feels is appropriate There is no doubt that, even travelling Tourist Class on Swissair's short-haul DC-9

visitors to Switzerland last year commissions for cashing travel-was from Britain because the lers cheques and changing

to foreigners.

Banks earned SwFr85m in

money, while the State earned about SwFr150m in taxes from petrol and tobacco products sold

Because of these huge and widespread benefits, tourism

gets high priority among Swiss economic sectors. This small country of 16,000 square miles has nearly 650,000 beds avail-

able the year round for tourists,

including about 365,000 beds in holiday chalets and flats. How-

ever, the tourism industry is, characteristically, organised on a small scale and most facilities.

stance, out of 8.000 hotels in Switzerland, 3,700 have fewer

The tourism industry is par-ticularly important for the more

remote mountain regions the

two other pillars of whose

economies are agriculture and

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Britons in vanguard of holiday revival

The biggest increase in visitors to Switzerland last year

pound stood at its highest level against the Swiss franc for almost six years. Britons occupied 29 per cent more beds

in Switzerland last year than in

The growing boom in tourism,

which is expected to continue

this year and next, has allowed

hotels and restaurants to ease the self-imposed price freeze begun in 1974. In January this

year hotels raised prices by 6

per cent and Swiss Railways raised fares by nearly 7 per

cent, the first increase since

value for money. Visitors are offered mapy special low cost

deals such as cheap fare cards

for unlimited periods, guaran-

teed hotel and bed and break-

fast rates, lower return air

fares if tickets are bought

abroad, and fixed price menus

in most restaurants in addition to higher "a la carte" menus.

In fact, it is quite usual to pay

no more than \$20 a night with

breakfast in medium category

hotels in most towns. Living in

However, Switzerland remains

TOURISM

BRH KHINDARIA

AFTER SEVERAL worrisome Switzerland has reasserted itself as a favourite country of holidaymakers, partly because of slippage in the Swiss franc's value against major foreign currencies and partly because of low price rises in hotels and restaurants.

Helped along by good weather conditions, 1980 saw a 20 per cent increase in foreign visitors to Switzerland with peaks in the winter ski season. This country of 6.33m people recorded more than 2m nights spent by foreigners last year in its hotels and chalets, compared with 1.6m in 1979.

"Switzerland the world's most beautiful country after your own," has proved to be an attractive slogan for visitors, most of whom come from West Germany, France, Italy and the United States.

chalets and with families is even Inflation rates were close to 1 per cent during 1976-78 and are currently in the 5 per cent bracket. Hotel and restaurant prices increased by only 2 per cent in Switzerland in 1979 compared with a 4 per cent increase in Austria - the main competitor for holidaymakers' incomes –about 7 per cent in West Germany, 10 per cent in France and as much as 21 per cent in

Among the more spectacular facilities opened up to tourists last year were the world's highest aerial cableway, leading from Trockner Steg, above Zermatt in southern Switzerland, to the Little Matterhorn at 3,820 metres and the St. Gotthard road tunnel, linking central Switzerland to the southeastern Ticino region.

Bets limited

The smartest among new hotels to open in Switerland was the Noga Hilton in Geneva. Overlooking Lake Leman, the hotel complex includes a shopping arcade and a casino with a large theatre and a gambling roulette tables are limited by law to only SwFr 5, so the real addicts go to Divonne, in near-' France, which boasts one of Europe's oldest casinos where diehards can lose millions if

they wish. Tourism is the fourth largest foreign exchange earner for Switzerland after exports of machinery and chemicals, and earnings from dividends and interest. It provides 6 per cent of the national income but is still far behind the 11 per cent contribution made to national income by tourism in Austria.

Tourism also aids other sectors of Switzerland's economy. For instance, the railways earned SwFr837m from foreign visitors, watch and jewellerymakers earned SwFr320m, the chocolate and confectionery in-dustries earned SwFr170m and souvenir sellers earned SWFr65m. Boat companies operating on the many lakes and aerial cableway and ski-lift ski lifts and doing a bit of ski- problems that remain to be operators earned SwFr270m. ing of their own in their spare solved.

putting pressure on the Government for more financial help to develop tourist facilities, along main reasons for opposing the the lines of subsidies already room. However, bets on Swiss given to support farmers and artisans. Another key demand is for heavy access to cheap immi-

MARTIGNY

ZERMATI

Liberal groups have for long campaigned against the practice of allowing in a maximum of 110,000 seasonal labourers at a time who, among other restrictions, may not change jobs. The system as such is dealt with elsewhere in this survey, but it is worth noting that the hotel industry feels that it is heavily dependent upon seasonal labourers from abroad.
This applies especially out-

side the towns in the holiday resorts both in winter and in summer. Not all seasonal labourers correspond to the stereotype of the Italian or Spanish waiter or potato peeler. In the skiing regions quite a lot of young men from North America, for instance, divide their time between manning the

tourist trade had two relaxation of restrictions upon seasonal labour. It was afraid that, given freedom to change employment, the saisonniers would drift away from the resort areas into the industrial conurbations. were also afraid that, given freedom to invite their families to join them in Switzerland, the seisonniers would profoundly change the social balance of small communities.

Parallel to the problems created by foreign labour, there is the underlying problem of tourist industries, like the Swiss, dependent upon family labour to keep things going. That labour is not always afforted a fair wage: if it were, the economics of the small businesses might change pro-

foundly. Behind the graceful facade of a high quality tourist industry in what is a beautiful country there lies a plethora οf social and humanitarian



Lake Bachald, near Grindelwald, with Mounts Schreckhorn and Finsteraarhorn in the background

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Poland: between East and West

Poland today. Are the Russians absolutely clear in their own minds about what they will and will not stand for in Poland? has been a parallel escalation. Are the Poles clear about the of the war of words. Last week Soviet position? Is there any Chancellor Helmut Schmidt took chance that there will be no outside interference in Poland? It seems to me that the answer just in the event of a Russian to all three questions is almost invasion, but also in the event certainly no.

in-their own minds, they seem easy to sympathise with the to be making it as difficult as liberal sentiments which must possible for the Poles to know have prompted him, but this is what that position is, by putting out orraite, ambiguous and confering signals. This mean he public out orratic, ambiguous and con-flicting signals. This may be because the Russian position is itself erratic and ambiguous; or it may be because they do not want to be seen to accept any of the changes introduced in Poland in the last nine months, let alone to give the Poles sufficiently unambiguous indications of how far would be too far.

Take the Brezhnev speech in Prague, and the ending of the Warsaw Pact manoeuvres, which have encountered (in the British and American Press) every conceivable interpretation. They represent an easing of pressure on the Polish leadership; an expression of confidence; an ominous warning; the luli between the rehearsal and the drama; an unspecified breathing space.

No doubt the Polish leaders are much better placed than Western journalists to discover Russia's real intentions. But the grassroots members of Solidarity and the party in Poland, who are, after all, the motor much in the dark as we are. Not very long ago, the Russiaus and their friends seemed to be say-

THERE ARE (to exaggerate direction; more recently they slightly) only three questions seemed to be saying that the which are worth asking about current situation was already unacceptable; now it is less clear what they are saying.

Meanwhile, in the West there the position that German credits to Poland would be cut off, not ertainly no.

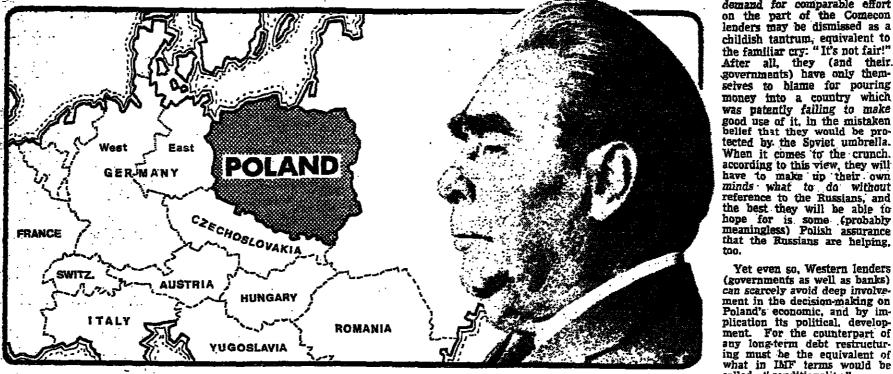
of internal repression by the
Even if the Russians are clear Polish authorities. Now it is public. . It represents a crude inter-

ference in the internal affairs of Poland. It is untenable, because a situation may yet arise in which, exhilarated or frustrated by the slow process of driving back the apparatchiks step by step. Solidarity may cease to act like a disci-plined movement and run amok; the preservation of what has been achieved so far and of Polish sovereignty could require acts in which it might be very difficult to distinguish between "repression" and the assertion of law and order.

hecause, while we would undoubtedly prefer an internal crackdown if it averted a Russian invasion, it implies that no distinction would be made in the West between the two forms

In short, all this long-distance shouting is rather unhelpful. Western bankers wrestling with No doubt it is intended to influence the course of events, but when the schoolboy abuse force behind the process of has been filtered out ("liars and change, may well be just as cheats," "enemics of Socialism"), it offers little in the way of coherent policy.

Yet the Poles, the Russians ing that events in Poland were and the West do share a com- and for the country to get back on the process of liberalisation moving in a very dangerous mon interest; that the Poles to work. It would be helpful in Poland, and thus actively



should not go so far that they all round if we could establish provoke a Russian invasion or more or less where the political a Russian-ordered crackdown, line must and will be drawn. Above all, it is provocative and that they should put their economic house in order. We do not know how far is too far, and if we find out by trial and error, it will be too late. Russian reluctance to intervene is unmistakable and understandable; no one can foresee what the consequences would be. situation to stabilise, for the

The very idea of some kind

of East-West perotiation on the limits to reform in Poland is obviously absurd. The Russians would never agree to such a thing, since it would be tantamount to Western interference in the Soviet empire; when Herr Hans-Dietrich Genscher, West Germany's Foreign Ministhe problem of Polanus underly Russians refused to underly the Russians in the Russians; sense, would Western governtiations, since it would Poles to put together a credible extremely difficult for them economic recovery programme, publicly to endorse restrictions on the process of liberalisation

reinforce the Soviet Union's the West; one version puts the right to determine the social system in that country. In any case, the Reagan Administration policy is not to talk to the Russians about anything for the time being.

But even though an East-West negotiation is clearly impossible, it may nevertheless be necessary if the worst is to be avoided. For Western bankers are saying that they will not restructure and refinance Poland's hard currency debts unless Poland's Eastern creditors also make a comparable

Poland's debts to the Soviet Union and other East European governments and institutions are almost certainly much less than the \$25bn or so that it owes to

total in the region of \$1-2bn. though the true figure may be quite different. But whatever the figure, the bankers do not wish to put their hands in their pockets if the proceeds are going to be used to pay off the

it is clear that there must be some form of agreement between the Western bankers and the lenders from Comecon; and since Western governments have provided a substantial chunk of Poland's debts, through the underwriting of trade credits, it follows that they too, must participate in such an agree-

Russians.

Of course, the Western banks'

lenders may be dismissed as a childish tantrum, equivalent to the familiar cry: "It's not fair!" good use of it, in the mistaken belief that they would be protected by the Soviet umbrella. When it comes to the crunch according to this view, they will

Yet even so, Western lenders (governments as well as banks) can scarcely avoid deep involve-ment in the decision-making on Poland's economic, and by implication its political, develop-ment. For the counterpart of any long-term debt restructuring must be the equivalent of what in IMF terms would be " conditionality " plausible programme for bringing the economy back on track in some way that will enable it to compete much more success fully in Western markets (so as to be able to pay off the debts), and which will thus integrate it

have to make up their own

minds what to do without reference to the Russians, and

that the Russians are helping,

But if the principle of com- The responsibility of such parable effort is to be secured, an undertaking is daunting indeed—and may go part of the way to explain the extraordinary procrastination which has so far marked, in Warsaw and in the West, the search for a solution to the Polish debt When the Western banks hold their next meeting later this week, they hope toreach a consensus on some short-term measures; but they have not even seriously started

more with

demand for comparable effort considering the question of the on the part of the Comecon long-term restructuring:

But the delays are not just due to the banks' reluctance to interfere in the internal affairs After all, they (and their of a Soviet satellite, nor to the governments) have only them incompetence (or rejuctance) seives to blame for pouring of the Poles in producing a full money into a country which and reliable picture of the was patently failing to make scale of the problem, nor even to the jockeying for position between Western creditors. The main problems are the unpredictability of the Polish political situation and the uncertainty surrounding Russian intentions.

The ending of the manoeuvre the best they will be able to is doubtless intended mainly to ease the arguments for delay on the debt front. But for better or worse, the Poles themselves have created arguments for delay, by embarking on a process of free and secret elections to their next party congress, which is not to be held until July. This step transforms the Polish situation (a trade union negotiation with a zevernment) into a Dubcek situation (liberalism and pluralism in the party), and Mr. Brezhnev made heavy weather of what happened in 1968.

If the Russians had any sense they would see that there is it way of avoiding Western inter-ference in the Polish situation, either through the dent nexus in the absence of an invasion, or through hostile warnings about what would happen after an invasion. They may not be able to avoid East-West negotiation on the banking front, so it could be conceivably in their interest to reach an understanding on the political-front on just where the line will be

drawn. Of course, the very thought is absurd. But, either way, the options facing the Russians are rather unattractive.

Ian Davidson

Letters to the Editor

Strategy for recovery

From Messrs. B. Gould, J. Mills and S. Stewart
Sir,—We agree with Lombard (April 3) that a devalua-

tion strategy would be infla-tionary, but this is not the central issue. What our critics have yet to show is that any other strategy to reverse the massive loss of competitiveness suffered by British industry—equivalent to a tax of well over 5 per cent on the sale of British goods at home and abroad-would be less inflationary.
We show that the link

between the exchange rate and prices is at best tenuous. When model as evidence that devalua-tion would be inflationary he forgets that it assumes, in accordance with the purchasing power parity theory, that the favourable effects of devalua-tion are quickly eroded. We show conclusively that this theory without which the monetarist case falls to the ground, is both untenable and

Those who invoke the experthreefold increase in the price the money supply on prices was relatively small because of the massive increase in output (and fall in the velocity of circula-

tion over that period.

Present policies on the other hand carry a real inflationary così, not least because productivity in manufacturing has fallen a record 7 per cent since May, 1979. This gives the lie to the monetarists' claim that they have "created conditions for genuine recovery" by the reduction of overmanning. As Mr. Scott pointed out (April 2) the most efficient firms are being driven to the wall. Such firms had reduced their labour force to the minimum, invested to the hilt, and made the best use of their opportunities at home and overseas before the Government decided to price them out of ome and overseas markets. Industry is certainly leaner, but

The supposed conflict between real wages and profits is no more than the economic rationalisation of political prejudice. The potential for increased output is immensely greater than is required to finance a massive increase in investment and the higher costof imports, but the potential can be unlocked only if the Government reverses the ratchet of tight money, high interest rates and exchange

bardly fitter.

appreciation. The effect of devaluation on the standard of living could be much more than offset by monetary and fiscal policies designed to increase spending power, e.g., by raising the tax threshold, increasing social security pay-ments, reducing VAT on goods and suspending National Health Insurance contributions from employers and employed in manufacturing industry. Mas-sive investment in new plant 60 per cent of local government ment is based. and machinery could be stimulated by Government-guaran-teed loans rediscounted at 5-6

credit and on inward investment, and in the last resort it a two-tier exchange rate to maintain the competitiveness of British goods at home and

Rigorous analysis shows that monetarism is theoretically unsound, empirically deficient, confuses cause and effect, and in present circumstances is literally counterproductive. This would have been clear much earlier if the Government had not been able to use North Seaoil to finance current consumption at the expense of the real economy. The alternative we to expand output and by doing domestic costs on which the battle against inflation depends. Bryan Gould. Shaun Stewart,

Whose money is it anyway?

From Mr. A. Scott.

Sir,-To those of us who do ience of 1973-75 to argue that not fully understand the signifi-the necessary relaxation of cance of the civil servants' monetary and fiscal policies strike it is very distressing to would raise prices conveniently see (April 8) the statement by overlook the speculative boom Mr. Bill Kendall, general secre-fired by the complete abolition tary of the Council of Civil Serof controls over credit; the vice Unions, that the strikes were costing the Government of food, fuel and basic £700m per week. As far as I materials; and the indexing of know it is not costing the Govwage increases to the cost of ernment anything; it is costing living at the top of the cycle, the citizens of this country The net effect of the increase in £700m per week and we were under the impression that the civil servants were employed by us and perhaps we might expect productivity) and the dramatic slightly more thought when the country is in the middle of a recession, from people the pubemploys, than that they should be proud of a statement like this.

A. P. B. Scott, Marden. Devizes.

Business rates

From Mr. D. Franklin. Sir, - On the husiness rates issue Mr. John Williams (April 4) states that as businesses act as collecting agents only, they can charge rates against tax and pass the additional costs on to their clients.

Costs can only be charged against tax if companies make profits. Due to the recession, companies are either making low profits, no profits or losses.

Private industry has not been able to pass on the horrendous increases of the nationalised industries and imperial local councils as they are living in the harsh reality of the everyday world of commerce and are fighting for survival. Inflation in the public sector is running at 26 per cent as against 3-5 per cent in the private sector.

The borough of Lambeth has increased its industrial rates from 0.78p in the pound to £1.91p in three years, and if Mr. Williams thinks any company can pass on increases of 143.31 per cent and still sell their goods, he is very much

mistaken. expenditure and derive no benefit from this and, having no

ployment and closures of businesses, and unless the rating might be necessary to introduce system is altered speedily there will be no companies left to pay the taxes that are the source of council spending.
D. G. Franklin.
121, Kennington Road, SE11.

Collecting

agents -From Mr. D. Goch

Sir.—The county treasurer of Gwynned comments (April 8) the rating system that "industry is more of a collectpropose takes full advantage of ing agent than a payer of rates, the available economies of scale. The incidence falls on the domestic ratepayer who can so is best calculated to contain neither pass on the cost to Only the less efficient businesses are unable to follow these two courses."

It is sad that a senior local authority financial officer should many of us are in the position of being able to pass on cost increases without regard for market conditions? Many of our customers are in the same pre-dicament and they are unlikely to listen sympathetically to a plea that "our rates have gone up by x per cent and so we must increase our prices."

Local authority rates and public utility charges often constitute a major element of cost for manufacturing businesses and they are the two sectors over which managements have least influence in

terms of cost control. As the chairman of an industrialists' working party dealing with local authority rates. I have found little evidence that the impact of rates on industrial costs is fully understood by councils. Even less do they understand the need for a real sense of urgency in cutting back on their discretionary expenditure. In this sense, I am filled with trepldation by the report in your issue of April 8 of the probability of unpleasant revelations when the 1981-82 local authority budget returns are published by the Department of

Desmond Goch.
4 Paddock Wood. Harpenden, Herts.

Large capital projects

From Mr. J. Dingle.

on Government support for in-dustry seeking contracts for Much as one wants to loyally large capital projects abroad fly the flag, British Airways (April 8) Paul Cheesewright seems at times almost deterpoints out that it is a political "attitude" rather than a not just by the example of this detailed strategy to align support behind a single bidder: the during the past year.

A compliment to the cabin

Most of the discussion which has taken place so far focuses W. P. Jaspert. attention on how other coun93a Belsize Lanz. N.W.3. tries compete for large projects, and seems to propose that the SBE should be modelled on something like "France SA" or the Japanese shaibatsu. The advantages of such a model are fairly clear once the project has been defined, but this approach. From the Director General, may be over simple at a crucial level of project development, Authority. namely the conceptual studies

tion to the SBE gives rise to vote, are unable to control the some concern, notably among had not closely followed either per cent interest. There would spending. Large rate increases the technical consultants whose the franchise debate have to be selective controls on by councils are causing unem- work at the sharp end of larger recent record of ITV. spending. Large rate increases the technical consultants whose the franchise debate or the

project development is likely to give them more realistic insights into the needs of the eventual purchaser than any of the other parties on the selling side. But the value of these consultants' contribution depends on the diversity of their skills, and their objecti-vity and independence. Neither is enhanced by the SBE model which appears to be embodied in present political attitudes. This is a pity, because it is precisely in the areas of diversity of skills and independence that British consultancies are strongest, and are seen to be

strong by developing country

clients.

clients nor charge it against tax. of the growing capability of developing countries to undertake significant parts of construction and equipment supply themselves, it would be sad if the Government's enthusiasm be so out of touch with the for supporting British industry realities of business life. How were to be misdirected as a result of following too closely an inappropriate and possibly out-dated foreign model. If, on the other hand, we can devise an original solution which will maximise the special strengths of all the constituents of British industry, the Govern-ment's enthusiasm, properly channelled, is likely to be very well rewarded. John Dingle,

Suite 1, 19a Cavendish Square, W1.

Flying the flag

From Mr. W. Jaspert

Sir.—It is April 8, and flying back from America I read with amazement the letter from Captain Twomey. For it was on April 2 that I flew club class on flight 177 of British Airways to New York.

Sitting fairly well up front, there was a choice between the ubiquitous chicken or veal. The salmon appeared not to have got on board.

Club class was filled to the brim, not only by airline staff flying to New York, but also by late-boarded passengers switched from another airline's cancelled flight. True enough, to delay these unfortunates would have been mean. Emply seats there were few beside ua "full fare passengers". No refund of fares was offered. The

supply of magazines was scant and certainly poor when com-Sir,-In his perceptive article pared with the reading matter' mined to discourage passengers,

> A compliment to the cabin staff, though, who tried to make

The IBA and franchises

Independent Broadcasting

Sir,-Your leader last Friday, Businesses pay in excess of upon which project develop on the subject of the Indepen-0 per cent of local government ment is based. dent Broadcasting Authority It is at this level that dedica- and franchises was interesting but it did reveal that the writer

To ask on what "criteria' the IBA required a division of the two Trident companies is to ignore what was said both in the public debate and in a rival bid for the Yorkshire franchise. Other evidence for this decision could not be available to your leader-writer but was available to the authority. To use the current catch-phrase and ask "What are the published criteria?" is to dodge the real issue.

There is nobody who identifies the regionalism of programmes with the regionalism of shareholdings. Both are facets of a structure which. long before devolution became Having in mind that the mar-fashionable, had shown real ket for large capital projects is strengths. They are probably changing, not least by reason better appreciated in places

other than London. You claim that the standards of ITV (and BBC) on the world scene have declined. Your verdict is very different from that of inries at the major international festivals; these juries have in the past year awarded to ITV programmes many more honours than to any other broadcasting organisation in the world-and indeed many more than any other broadcaster has obtained in any previous year. (Sir) Brian Young,

70 Brompton Road, SW3.

Gas standing charge rise

From Mr. R. Holden

Sir,-Mr. Jewers (April 9) kindly describes my arithmetic as fantasy. But at least it is accurate. This senior official of the British Gas Corporation apparently is not aware that the Segas standing charge rose from 58.64 to £24 (i.e., 178 per cent) during the year to April 1981, not by the figure of £1 which he leads readers to understand in his letter.

Surely he must recognise that such an increase is wholly unreasonable in spite of all his lengthy episiolary red herrings.

49, The Hall, Blackheath, SE3.

Vision in a Kent garden

From Doris Ashton

Sir .-- It's sad to think that Robin Lane Fox (April 8) has never seen a vole for they are iolly little creatures. However, I would gladly trade him my vole for a root of Primula Marie

I no longer have any crocus chrysanthus, iris reticulata, iris daufordiae and gone are two mats of phlox subulata and a choice alphine that I never found anyone able to identify in the 14 years or so that it grew in my raised wall garden.

This year I thought I would fool my little friend and grow 10 crocus chrysanthus in a pan. After flowering I put them out for some sun and fresh air and in 24 hours found nine stumps and one plant left. But I can't bear to try to exterminate the culprit(s) and shall long cherish the sight from my kitchen window of a little fat bottom waving in the air as its owner's front half reached down to gather a choice bit of campanula poscharskyana to which it was entirely welcome — as the catalogue said: "it's a good

Doris Ashton. Wallace Cottage. Ash, Sevenoaks, Kent.

much

economies.

GENERAL. U.K.: Mr. Lie Verdet, Prime Minister of Romania, in talks with Mrs. Margaret Thatcher at Overseas: European Central

beginning of his four-day visit to the UK. Royal Society of Health annual congress opens, Blooms-bury Centre Hotel, London-Dr.

David Owen, MP, gives Lord Cohen lecture. Railway unions in pay talks with British Rail.

London Transport busmen's pay talks. Port of Bristol employers and unions meet on pay dispute Labour Party statement on Greater London elections.

Today's Events Federation of Conservation Students conference opens, Shef-

Bankers begin two-day meeting in Basle-Harvo Maekawa, in Basle—Harvo Maekawa, Governor of Bank of Japan will attend. Quebec elections for National

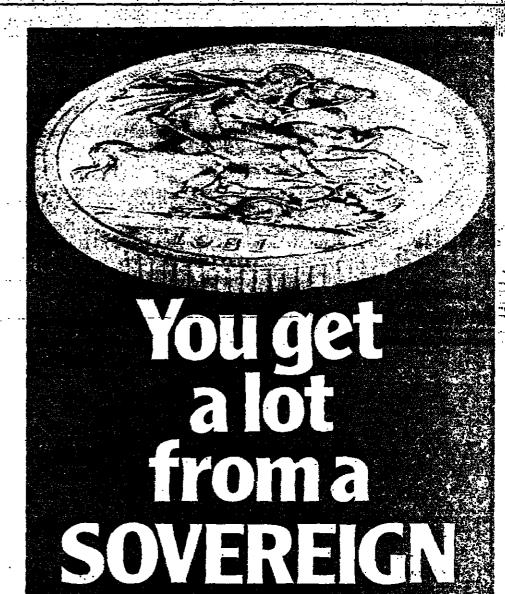
Assembly. East German Communist Party conference continues. East

PARLIAMENTARY BUSINESS House of Commons: Finance Bill, second reading, Judicial Pen-sions Bill, second reading. Proceedings on the following COMPAN' Consolidation Bills — English See We Industrial Estates Comporation; Page 21.

Films Levy Finance: National Film Finance, and Public Passenger Vehicles.

House of Lords: British Rail-ways (Victoria) Bill, third read-Interpretation of Legislation Bill, third reading. Criminal Attempts Bill, second reading. Debate on the report of the European Communities Committee on regional policy. Debate on accountability of police authorities and Chief Constables. OFFICIAL STATISTICS

index of industrial tion (February provisional). COMPANY MEETINGS See Week's Financial Diag on



SOVEREIGN is CMC's distributed data processing (DDP) system for easilycontrolled dispersed processing in bigcomputer-orientated environments. Inter-system communications are second nature to SOVEREIGN, which talks confidently to the best of mainframes.

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★ You will find a stable supplier still

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Near £3m

increase

by Laird

Intasun issue opens Thursday

THE FULL prospectus is published today for the offer for sale by tender of Intasun Leisure Group, prior to dealings to the Unlisted Securities

Barclays Merchant Bank, in conjunction with brokers Grievand Grant, have organised the sale of 7.75m ordinary

Intagun shares at a minimum price of 86p each.
This represents some 15 per cent of the equity of Intagun, Britain's third largest tour operator founded ten years ago. The shares on offer to the public are being sold by the company's current owners on a pro-rata basis. No new money is being raised for Intasun though it will bear the costs of

Application list for the offer will open at 10 am on Thursday and dealings on the USM are expected to start on Friday.

-Following the offer Mr. Harry Gondman will be the largest single holder with 20.29m shares -39.3 per cent of the capital. Based on the minimum tender price the company would be capitalised at \$44.4m in the market: Mr. Goodman's remaining holding could thus be worth

Intasun comprises Intasun Helidays and Air Europe, a British charter airline. Approximately half Intasun's short-haul flight requirements are provided by Air Europe currently operating siz Boeing 737s. A further aurcraft will start operations in the summer of pext year.

The group's profit record shows an advance from £587,000 pre-tax, in the year ended March. 1976, to £3.02m for 1979-80. Interest costs and charges on aircraft fitance and lease agreements are spread throughout the periods of the relevant agreements. This, in the apinion of the

directors, results in "a proper at hest.

The Royal Bank of Canada

(London) Limited

Credit Lyonnais

April 13, 1981

Banque Bruxelles Lambert S.A.

Kuwait Investment Company (S.A.K.)

Westdeutsche Landesbank Girozentrale

Union Bank of Switzerland (Securities) Limited

matching of these finance costs with aircraft operating re-

If financing costs had been charged in the normal way, as incurred, the 1379-50 profit would have been £2.13m, rather

The directors estimate that profits for the year ended March 31, 1981, amounted to £10.1m, which includes interest receivable of £2.8m against £879,000 on the previous year.

On a fully-taxed basis earnings per share are 9.4p pointing to a p/e on the tender price of 9.2 The directors estimate that the tax charge is likely to be around 30 per cent giving earnings of 14p a share. However, tax in future years is likely to

If aircraft financing costs are taken into account as incurred, profits come out at £8m pointing to fully taxed earnings of 7.4p

and a p/e of 11.6. No dividend will be declared for the year just ended, but if the company had been quoted for the period a 2.8p dividend whuld have been paid giving a

Net assets per share at the end of last March have been estimated at 26.3p per share.

comment Even taking the lower profit estimate after aircraft financing

is still two points below the closely comparable Horizon, currently standing on a p/e of

likely to represent a peak for some time to come, since margins

last year's profits are

This advertisement complies with the requirements of the Council of The Stock Exchange in London

THE ROYAL BANK OF CANADA

U.S.\$100,000,000 14% Deposit Notes due April 22, 1986

Issue Price 100%

The Council of The Stock Exchange in London has granted permission for the 10,000 Notes of U.S.\$10,000 each constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Note. Interest is payable annually on April 22, the first such payment being due on April 22, 1982.

Particulars of the Notes are available from Extel Statistical Services Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including April 27, 1981, from the Brokers to the issue-

Kitcat & Aitken,

17th Floor,

The Stock Exchange

London EC2N 1HB.

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U.S. \$25,000,000

Hanson Overseas Finance B.V.

(incorporated with limited liability in the Netherlands)

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unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by, and convertible into Ordinary Shares of 25p each of,

Merrill Lynch International & Co.

ASSOCIATE DEAL

Electra Risk

The prospectus is published today of Electra Risk Capital, a new type of investing organisation designed to help individuals take advantage of Government incentives for them to invest directly in the equity of small

Electra. a subsidiary Electra Investment Trust, is offering up to £20m in floating rate unsecured loan stock. The proceeds will be invested in the equity of unquoted companies that qualify under Section 37 of the 1980 Finance Act. As investments are made in target

companies, the equity in them will be assigned pro-rata directly to loan stock holders in return for corresponding redemptions of their loan stock.

transferred directly to the Electra investors.

fee by way of a 31 per cent charge on the outstanding loan stock plus the right to subscribe for up to 15 per cent of any equity investment it makes on £1.65m to £2.1m, retained profits behalf of the loan stock holders. emerged at £4.02m, compared In the first year to May, 1982, with £5.31m. the entire interest income on the

> less 31 per cent.
> The stock is payable as to 50 per cent on application and the remainder by April 30, 1982. Acceptance is conditional on

Banque de Paris et des Pays-Bas Credit Suisse First Boston Limited

S. G. Warburg & Co. Ltd.

Wood Gundy Limited

Swiss Bank Corporation International Limited

Interims—British Empire Secunt:es and General Trust, Burton, Glazo. Finals—Beradin Rubber. Edinburgh Investment Trust, Enth. Rugby Portland

FOIGHE DAILS	
Interims—	
Arlan Electrical	Apr. 23
Baggeridge Bnck	May 12
Halstead (James)	
Finals—	
Ambrose Investment Trust	May 6
Baird (Wilham)	Apr. 22
Danis (Villians)	Apr. 23
Bentalls	
Biddle	Apr. 22
Bristol Stadium	Agr. 15
Debonhams	May 29
Elbar Industrial	Apr. 22
Grampian Television	Apr. 23
London United Investments	Apr. 27
Lunuve (Ceylon) Tea and	
Rubber Estates	Agr. 14
Shelfield Brick	
Wadkin	

applications for at least £7.5m nominal of stock being received. The offer is being made through L. Messel, stockbrokers.

The Conservative Government has tried hard to promote direct investment by individuals in small businesses but its offer of extra tax-relief tast year has so far not been very effective. The problem is that most individuals have neither the time nor the expertise to assess a good small business opportunity while the Government's rules preclude collective action in the conventional way through unit or investment trusts. It has taken Electra nearly a year to figure our a way to set up a collective vehicle within the tightly written provisions of Section 37 of the 1980 Finance Act. It is a welcome achieve-ment and deserves support from those with the means and the nerve for investing in this excit-

Information service:-Sweden 131 per cent Ln. Stk. 1986 (Section: Foreign Bonds). Pelsart Resources (Mines). New Darien Oil Trust (Inv. Trusts). Rep. of Iceland 14) per cent Ln. Stk. 2016 (Foreign Bonds).

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19	181		Price	
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238	251	Banco Bilbao	237	
340	330	Banco Central	335	
270	229	Banco Externo	363	
295	239	Banco Hispano	291	1
129	120	Bence Ind. Cat	125	1
248	284	Banco Sertander		
189	148	Banco Urguno	181	
320	263	Banco Vizcaya	316	
232	204	Banco Zaragoza	217	
150	82	Dragados	138	
75	45	Espanola Zmc	75	
60	55.5	Fecss	58.7	
35	22	Gal. Preciados	29.5	
71	63	Hidrole	64.7	
62 5	52	lberduero	56.2	
95	70	Petroleos	93.5	
88	70	Petroliber	88	
102	85	Sogetisa	85 (
6.35	50	Telefonica	60.5	
66	60	Union Elect,	63.7	

I.G. Index

large amounts on: London Traded commodities, including GOLD
The STERLING/DOLLAR

73 The Chase, SW4 ONP Telex: 894756

CORAL INDEX: Close 549-554 (+2)

Imo State of Nigeria \$38,000,000

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Managed by

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The Industrial Bank of Kuwait K.S.C.

Dillon, Read Overseas Corporation

National Bank of North America European Arab Bank Group The Saitama Bank, Ltd.

Arab International Bank, Cairo Arab Bank Investment Company Limited European American Bank (Bahamas) Limited

Provided by

The Industrial Bank of Kuwait K.S.C. Arab Banking Corporation, ABC

The Saitama Bank Ltd. European Arab Bank Group

European American Bank (Bahamas) Limited Arab Bank Limited National Bank of North America Arab International Bank, Cairo Allied Arab Bank Limited Banque de l'Indochine et de Suez

Alahli Bank of Kuwait K.S.C. The First National Bank of Boston

Bahrain Investment Company B.S.C. UBAE Arab German Bank, S.A. **UBAN-Arab Japanese Finance Limited**

Agent Bank First National Boston Limited

This announcement appears as a matter of record only



Bowthorpe Holdings Limited

Results for the Year ended 31 December 1980

1980 (1979)

PRE-TAX PROFITS

£9.05m (7.62m)

SALES

£54.83m (49.84m)

TOTAL DIVIDEND

2.961p (2.692p)

EARNINGS PER SHARE

11.5p

(9.4p)

The Report and Accounts for the year ended 31 December 1980 will be available from 6 May 1931 and copies may be obtained by request to to The Secretary, Bowthorpe Holdings Limited, Gatwick Road, Crawley, West Sussex RH10 2RZ

This advertisement compiles with the requirements of the Council of The Stock Exchange,

U.S. \$30,000,000

Alcoa of Australia Limited



131/2% Bonds Due 1991

The following have agreed to subscribe or procure subscribers for the Bonds:

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Deutsche Bank

Aktiengesellschaft

J. Henry Schroder Wagg & Co.

The Bonds, issued at 92 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Bond.

Interest is payable annually on 15th April, the first payment being made on 15th April, 1982.

Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual business. hours up to and including 27th April, 1981 from the brokers to the issue:

13th April, 1981

12 Tokenhouse Yard, London EC2R 7AN

HANSON TRUST LIMITED (incorporated with limited liability in England)

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Banque Bruxelles Lambert S.A.

Banque de Paris et des Pays-Bas

Swiss Bank Corporation International Limited

The Convertible Guaranteed Bonds Due 1996 of U.S. \$1,000 each, issued at 100 percent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Bonds. The first interest payment will be made on 15th October, 1981 for the period from 30th April, 1981 to 15th October, 1981. Thereafter, interest will be payable annually in arrears on 15th October.

The Bonds are convertible into fully paid registered Ordinary Shares at a conversion price of 274p per Ordinary Share. Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 27th April, 1981 from the brokers to the issue:

> Hoare Govett Limited, Heron House, 319/325 High Holborn, London WCIV 7PB.

13th April, 1981

Laird Group have increased by £2.84m to £13.57m for the 12 months to December 28, 1980, with the second-half performance up from £5.69m to £8.14m. Fullyear turnover, however, of this metal industries, transport engineering and motor components concern showed a reduction to £194m, against £207m

As forecast, the final dividend

As forecast, the final dividend is 1.85p net, making a total for the year of 3.7p (3.4p) per share. Stated earnings rose from 15.2p to 18.4p per 25p share, while current cost earnings were 13.2p. On the CCA basis, profits after tax, but before extraordinary items, came to £7.04m. The historical cost figure was ahead to £9.82m, against £7.68m, after tax of £3.75m (£3.05m), which included lower overseas tax of included lower overseas tax of £1.85m (£2.38m).

The year's result was helped by a £448,000 pre-tax contribu-tion from New York Twist Drill Corporation, acquired in October, Extraordinary items of £18m have been charged to meet the anticipated costs arising from the closure of the Patent Shaft Steel Works, which took place early in 1980, However, a provision of the same amount was made in the 1979 accounts as a

post balance sheet event. Other extraordinary items of 13.7m (1729,000) comprised 15.38m of closure cost offset partly by a net book profit of £1.68m on the Scotish Aviation nationalisation settlement. charges Intasun's fully taxed multiple at the minimum price

This left the available halance lower at £6.12m, against £6.96m, and with dividend cost up from See Lex. Back Page

were transformed by the strengthening of the pound between the time brochure On April 9, S.G. Warburg & Co. as an associate of Trusthouse prices were set and bills paid for the facilities used. At the mini-Forte, sold on behalf of discremum 86p price the attraction of the offering appears short-term tionary investment clients, 100,000 ordinary shares of THF £20m offer

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the nurpose of considering dividends. Official indications are not available as to whethor dividends are interims or finals.

TODAY

Interims—British Empire Securities

Electra will act as the nominee of its investors in the affairs of target companies and, in particular, will encourage companies to retain profits for further growth rather ha ppay dividends. If a company becomes quoted on the Stock Exchange or the Unlisted Securities Market, its shares will

Any investors.

Any investor wishing to withdraw from Electra will be offered 95 per cent of par for his remaining loan stock and 90 per cent of the latest annual valuation of the equity portfolio.

Electra takes its management

loan stock will go to the manage-ment fee and paying the costs of the offer for sale. Thereafter stockholders will receive LIBOR

ing segment of the economy. FT Share The following securities have been added to the Share

Tel: 01-622 9192 One Month Gold Our clients speculate free of tax, in very small to very

I.G. Index Limited



bad debts provision

Barelays Bank has been reducing the levels of its provi- in 1978. sions against bad and doubtful debts more or less progressively over the last five years. The registration statement filed recently with the SEC shows for the first time that Barclays had provisions amounting to 3.65 per cent of year-end lendings in 1976, against 2.34 per cent by the end of last year.

Contrary to what some bank auditors have been saying, this is not because Barclays has been reducing the proportionate level of its general allowance against had debts—this has remained in the region of 0.9 per cent—but because of lower levels of specific provision. Bar-clays says that the change here can be related to the reduction

cent last year against 9 per cent

The analysis of domestic lending by type of borrower shows that the proportion relatibility for shipping and syndicaing to manufacturing industry has fluctuated a title, but is back at 55 per cent in 1980— where it was in 1976.

By way of contrast, lendings to individuals are proportionately up—from 19 per cent in 1976 to 23 per cent in 1980. Treating all overdrafts as repayable in less than one year, Burclays' domestic lending has

n maturity profile in which 70 per cent is due in less than 12 months. Only 10 per cent of domestic lending is repayable in over five years. Lending to the UK property industry has remained in the

The Financial Times has acquired a copy of the registration statement recently filed by Barclays Bank with the U.S. Securities and Exchange Commission, in connection with a proposed public debt issue. This document contains extensive disclosures about Barclays' lending loan losses and deposits, which go far heyond the information given to shareholders in the Barclays annual report, which was also published recently.

Barclays is not making the registration statement available to shareholders or potential investors in the UK, on the advice of its lawyers. The result is that U.S. investors have access to more extensive information about Barclays, than its own shareholders. The information reproduced is taken from the SEC document. It supplements the disclosures publicised by Barclays in the April 1 issue of the FT.

in the level of its domestic lending over the years.

In 1978, for example, domestic lending amounted to 61 per cent of the total, against 55 per cent last year.

But if domestic lending requires higher levels of provision, it is also obviously the key to Barclays' recent profitability. Net interest margins on domestic business over the past three years have been in the 7 to 8 per cent range, against margins of between 24 and 3 per cent on international lending.

Barclays Bank International has the pronortions are about the been changing over recent years. In 1978 U.S. lendings amounted used. to only 5 per cent of the group

region of £400m for most of the

Turning to deposits, the SEC document shows now much custo-mers have switched away from leaving balances on current account during the recent period of very high interest rates.

In 1978 average demand money accounted for 37 per cent of domestic deposits, against 29 per cept at the end of last year. Over the same period, savings deposits are up from 28 to 32 per cent of domestic deposits, while the proportion attributable to The geographical analysis of other deposits is also up—from lendings shows how the shape of 35 to 39 per cent. Incidentally,

On the other hand, the figure, against 8 per cent of the group on the difference international change of 1980. South Africa, on deposits by geographic area the other hand, remains very shows little proportional change important, accounting for 8 per over the years.

LENDIN	VGS AND	RISK	ANAL	isis .		
	19	80 .	19	79	1	97S
	£m	07	£m	- 0,	£m	
Domestic	10.564	55	9,392	60	7,641	61
International:						
UK This is a second		. 13	1.834	.12	1,325	11
U.S.	1.661		1.111		. 600	. 5
South Africa		. 8	1,199	, 8	1.147	. 9
Rest of World	2.905		2,027	13	1.726	14
Totale	19.108		15,563			100
Totals	¥, ,100	204	101000		·	
	VERAGE	. DEP	OSTTŠ			
ing the state of t	TELEVA		80 ∷	197	G	1978
Domestic:			Em	£11.		£m
Demand			747	3,76	s	3,383
			184	2,99		2,493
Savings Other time			994	3,67		3.141
			do-E	Q ₁ U1	₹.	- ,
International:	-	= =	814	4,67	·Q	4.318
. <u>uk</u>			281	98	3	812
U.S		2.		2,32		2,234
South Africa			095	4.33		3,293
Rest of World			893	22,73		19.674
Totals		26,	G13+3	ا رشد	ja	TOIGIT

PROVISION FOR LENDING LOSSES

During the last five years the allowance for lending losses (covering both principal and interest) as a percentage of year-end lendings has declined:

1979

General allowance 0.9	3 0.93	0.9		0.96	0.87	ı
Cotal	4 2.44	3.2	2	3.85	3.65	ì
Amounts charged off (net	•					l
of recoveries) as a per-			-	. •		1
centage of average			_			[
lendings for the year 0.3	8 0.61	0.5	Đ	0.45	0.57	l
DOMESTIC LOANS	BY CUST	OMER	TYPE			Ì
20220210 20000		1979	_	1977	1976	ì
40 miles		- £m			£m	ł
Customers domiciled in the UK:				•		ł
Loons currenteed by EXD	pri .	005	000	813	me	ŀ
Credits Guarantee Departmen	t 110	935	800	919	120	l
Central, local govt., and go	259	323	241	177	126	ł
owned utilities		H.O	241	1	120	ł
Manufacturing, constru., finan- and service inds.	5.808	4.891	3.837	3.531	3,320	ł
Agriculture, forestry and fish	ing 720	627	465		256	ı
				437	413	l
Oshan busineses	. 112	14	33	34	35	ï
						ì
	22	312	-1.1	4.3	0.4	l
otal	10,564	9,392	7,641	6,109	0,054	l
						1

Stone-Platt allotments

cumulative preferred ordinary shares described in the Stone-Platt Industries' circular to stock-holders, dated March 13, has now been or will be allotted as follows:

Specific allowance

On April 6, Equity Capital for Industry and Finance Corporation for Industry subscribed £2m Accordingly. and film of the new shares

The filom of new convertible new shares has been allotted as unmulative preferred ordinary to f0.28m to stockholders applying for the issue and, on the basis of the underwriting arrangements, will be allotted as to f1.92m to f0.85m to f1.92m to f1.92m to f0.85m to f1.92m to f0.85m to f1.92m to f and £0.96m respectively, and £3.54m to institutional sub-

Accordingly, ECI and FCI will hold approximately 19.5 per cent respectively under the terms of the subscription agreement referred to in the circuitar.

The open offer of LTm of the commence on April 15.

> U.S.5200,000,000 Guaranteed Ploating Rate Notes Repayable at the Option of the Holder at Par Commencing October 1982

Citicorp Overseas Finance Corporation Limited.

(Incorporated with limited liability in the British Virgin Islands) Unconditionally Guaranteed by



In accordance with the terms and conditions of the above-mentioned Notes and Agent Bank Agreement dated as of April 3, 1980 between Citicorp Overseas Finance Corporation Limited, and Citibank, N.A. Citicorp Overseas Finance Corporation Chinesest has been fixed at notice is hereby given that the Rate of Interest has been fixed at 151% per annum and that the interest payable on the relevant Interest Payment Date, July 13, 1981 against Coupon No. 5 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$398.13.

April 13, 1981 By: Citibank, N.A., London, Agent Bank CITIBANK

Barclays cuts level of A. Craddock becomes Harrods chairman

Alan Philpott have been PRINTERS appointed managers of SCANDI and Briant. NAVIAN BANK with responsi-Finnish department.

Mr. Charles Wyatt has been appointed a director of CLOGAU ST. DAVID'S GOLD MINES. He will represent certain Australian interests in the company.

Mr. Berud H. Graap has

Mr. Frank Clarke has joined Mr. Peter Mahoney and Mr. the Board of HOWARDS lan Philpott have been PRINTERS (SLOUGH) from Fell

Mr. D. G. Ainslie, Mrs. L. A. tions respectively. Mr. CarlJohan Granvik and Mr. Martin
Ward have been promoted deputy managers in the Bank's
Finnish department.

Mr. D. G. Albie, Mr. L. M.
Belion, Mr. C. P. Dodson, Mr.
M. B. Hutchings, Mr. A. S.
Lampiough, Mr. G. F. Pimiott and Mr. I. D. Smith will become partners in LOVELL WHITE AND KING on May 1.

> Mr. Bob Glover has been appointed technical director of CRABTREE ELECTRICAL

Mr. Aleck Craddock has been appointed deputy managing appointed finance director, EMI new chief executive will be Mr. appointed chairman of HARRODS in addition to his present position of managing director.

been appointed deputy managing appointed finance director, EMI new chief executive will be Mr. new chief execut Video Programmes as director attachment to the European of finance and administration. Commission in Brussels,

> DATAPRODUCTS INTERNA-TIONAL has appointed Mr. Tony Hammell as director of marketing Northern Europe. He is managing director of the Dataproducts UK company.

The SCOTTISH COUNCIL FOR DEVELOPMENT AND INDUSTRY, an independent body representing industry, trade unions and local authorities, is to have a new chief executive from the end of May when Mr. NDUSTRIES.

James Johnstone, who has held Mr. B. A. Wright, deputy becomes deputy marine manager the job for the last two years, general manager, home division, and underwriter of that concern Mr. Colin Hodgson has been returns to private business. The of SUN ALLIANCE AND, in Liverpool. Mr. P. C. Worsfold

Mr. K. A. Steuart has been appointed a director of R. M. Douglas Construction (Scotland) and Mr. M. K. Milne, becomes an associate director. Mr. K. Furnival has been made a director of R. M. Douglas Roofing and Mr. D. J. Allen an associate director of Douglas Technical Services. The parent concern is. ROBERT M. DOUGLAS HOLDINGS.

LONDON INSURANCE, has has been made assistant general heen appointed general manager, life division from July 1. Mr. W. R. Gadd, assistant general manager, will shortly move from the management services and planning division to the home division with the same title. Mr. A. E. Tinckler, general manager and chief actuary, cetires at the end of June but will continue as a director of the company and

Mr. B. K. Williams, marine manager and underwriter of the ROYAL INSURANCE COM-PANY, is to retire at the end of June and Mr. G. N. Sellers, deputy marine manager, retires on April 26, Mr. N. A. Robinson has been appointed marine manager and underwriter of Royal Insurances (UK) based in Lundon and Mr. N. C. Mutton

its principal subsidiaries.

manager of Royal Insurance general overseas division.

Other executive appointments at Royal insurance (UK) are Mr. J. S. Simpson as manager, and Mr. M. J. Edwards, deputy manager of the personal insur-ances dislation. - Mr. B. S. Saunt hecomes deputy marketing manager of Royal Insurance (UK) and Mr. T. A. Carter, a deputy underwriting manager of the company, Mr. D. R. Seymour has been made manager, international services division. Mr. J. J. Thomazin, group manager of that division has retired.

The Home Secretary has appointed Mr. Kenneth Gill, general secretary of the Amalgamated Union of Engineering Workers (Technical, Administrative and Supervisory Section), a member of the COMMISSION FOR RACIAL EQUALITY, in

Equity & Law Life Assurance Society Limited =

Statement by the Chairman, MrPDJH Cox

policyholders depends on the investment results. For

unit-linked policyholders the investment results are

reflected automatically; for with-profit policyholders

allow the peaks and troughs of price movements of investments to be smoothed to some extent. To meet

Illustrated claim and maturity values of individual

unit-linked policies are based on the assumption of

On the other hand, the future value of a with-profit

without any indication of the investment conditions

necessary to support such bonuses. Because of this I

believe it is important in comparing offices to have

investment returns which are defined in the illustration.

policy is traditionally illustrated on the assumption that

reversionary bonuses, and in some cases terminal bonuses, will be maintained at their last declared raies,

regard to other lactors such as current claim and realitrity

they accrue through the declaration of bonuses which

differing needs of policyholders, Equity & Law offers

The return to both unit-linked and with-profit

Overseas

February 1981 marked the tenth anniversary of the official opening of our office in the Netherlands, the Society's first operation abroad. Starting from scratch, we have built up premium income in 1980 of Dil 82m (£16m) and total assets of Dfi 340m (f67m); we now have over 160 staff in Holland. In 1980 new sums assured exceeded Df. 1,000m (about £200m) and the business in force was over Dfl 4,000m. This is a remarkable achievement in a period of 10 years.

We made excellent progress in 1980 against the background of a weaker Dutch economy and significantly increased competition, I am grateful to the insurance infermediaries in Holland-through whom our business is written-and to our young and vigorous team of management and staff. We cannot expect our business in Holland to grow at the same spectacular rate during the coming decade; but, as we continue to offer value for money and a high level of service to our customers, I look forward with confidence to further success. Our German operations made significant strides forward in 1980 and continue to offer a wide range of services in the up-market areas. Through innovative marketing we have made a particular impact in the term assurance field and we have established a firm base on which to build. We have a strong team of management and staff in Germany ready and able to react to this demanding

In the United Kingdom our new business figures were most encouraging, in marked contrast to the results of . the market as a whole and especially of the broker

New annual premiums for individual business in the United Kingdom for Equity & Law (including the Managed Fund company) were £10.3m, 21% higher than in 1979. Of this £4.7m was in respect of unit-linked business; the unit-linked pensions policies introduced for the self-employed in 1979 and for employed persons in 1980 have proved most successful and provided new annual premiums of £1-3m. We now offer a full range of ordinary business and for pensions business. An overseas fund was introduced during the year for pensions policies and we are now forming five additional unit trusts to which ordinary policies can be linked. With-profit policies provided new annual premiums of £3-3m. Term assurances were also popular and contributed significantly to the total new individual sums assured in the United Kingdom of £711m, 25% up

Additional premium income under existing group contracts was again at a very high level, and this was the major element in the increase of 61 % in our new annual premiums under group policies in the United Kingdom to 19-2m. We will introduce in the next few weeks a group policy designed for small employers who have elected to contract in to the State Pension Scheme.

Our worldwide new business provided new annual premiums of £22·1m, 32 % higher than in 1979, and sums assured of £1,129m, 25 % higher than in 1979. Single premiums were 31 % lower at £19·3m, but in 1979 a special issue of guaranteed bonds provided more than £9m.

The total annual premium income in 1980 was over £100m, £10m higher than in 1979.

2.78

Our investments, excluding those held for unit-linked policies and overseas business, appreciated by £11tm—14%. All sections of the portfolio performed well, particularly our holdings of United States equities which appreciated (in dollars) by 42% whilst the Dow Jones Index increased by 15% and the broader-based Standard & Poor's Composite Index by 26%. We have invested a further \$11 m in overseas equities and property and this includes the start of a stake in

Japanese equities. The various funds to which our unit-linked policies are linked also have excellent records and they now total The total investment income increased from £73m in 1979

to £81m in 1980.

Liabilities In view of the reduction in investment yields, which is reflected in the capital appreciation of assets which I have referred to, it is appropriate to use lower rates of interest in valuing the Society's liabilities than a year ago. Details of the valuation bases, which include provision for higher rates of bonus and increased provisions for future expenses in the light of recent inflation of costs, are set out in the Actuary's Report on pages 15 to 17. The effect of the changes has been to increase the liabilities by £85m. The investment reserve has been increased by £25m to £108m.

Return to Policyholders

Higher rates were declared at the end of last year for reversionary comises on all classes of individual business and for annual bonuses on all classes of group business. In addition, the Society is now paying higher terminal and vesting bonuses on current claims under individual with profit policies and higher bonuses on the retirement of mambers of almost all of the Society's group pension schemes. The amount allotted in 1980 by way of terminal and vesting bonuses was £3 lm and, at the current rates, the amount in 1981 is expected to be

about double last year's.

These increases provide further evidence of the value of with profit policies effected with the Society. Obviously this is important for existing policyholders but it also enhances the reputation of the Society as an office with which to place new business. We have been writing individual unit-linked policies

since 1969 and group unit-linked policies since 1972. The various funds to which these policies are linked. have all performed well, to the benefit of the policyholders.

Highlights of the Year

both types of contract.

	Tego 1980	£million 1919
New Sums Assured	1,129	901
Sums Assured in Force	5,410	5,027
New Annual Premiums	22.1	16.8
Total Premium Income	123.0	123.1
Payments to Policyholders	69,8	51.3
Group Net Assets	1,142	918
Investment Reserve	108	83
Dividend for the Year (per share) 13p	llp:

Dividend

The earnings of the Other Business Fund, excluding capital appreciation, amounted to £2,492,000, 12.4p per share, compared with 10.4p in 1979. A final dividend of 9p is recommended, making a total for the year of 13p. an increase of 18% over the total of 11p for the previous year. In making this recommendation the Directors have had regard, as last year, to the under-distribution of earnings in earlier years because of Government restrictions on dividend payments.

The shareholders' proportion of the distributed surplus amounted to £2,226,000 an increase of £364,000 over the

previous year despite the inclusion in the figure for 1979 of £131,000 in respect of the special bonus declared on group profit-sharing policies. Of this increase £166,000 arose from the newly introduced retirement bonus on group profit-sharing policies and from the increased rates of terminal and vesting bonus payable in 1980, £124,000 from the increased rates of reversionary and onougament from sides larged at \$151,000 and on the increased rates of reversionary and onougament from sides larged at \$151,000 and the first sides and the sides of the and £53,000 from the changes in the valuation basis. Other earnings, which consist of interest and dividends less expenses, were £266,000, compared with £216,000 in 1979, the increase reflecting the high rates of interest earned on money on deposit during 1980.

Brokers and Other Intermediaries

For many years the Society has received virtually all of its business in the UK through brokers and other intermediaries. In our view the public has been well served by them and it is important that there should continue to be a strong and vigorous body of intermediaries providing independent advice to the The provision of the Insurance Brokers (Registration)

Act 1977 limiting the use of the term insurance broker to those who have registered under the Act will come into force next December. We welcome this important step which is part of a wider campaign to raise standards in the insurance market and hope that all those who are eligible to register will do so, although I believe that it

will take some time for the distinction between brokers and others to become widely appreciated by the public. There will, however, be many intermedianes who will be unable to register and their interests must not be overlooked. They will not be subject to the same control as registered brokers but it is important that they continue to provide the high standard of service which the public requires. I therefore welcome the introduction by insurance companies of codes of practice for the selling of insurance, and we have adopted the life insurance code. In return for their services intermediaries are paid

commission. We believe that an intermediary, whether a registered broker or not, who is operating efficiently is entitled to adequate remuneration for the services he provides,

The Society was one of the first insurance companies to transfer partof its administration out of central London. restablished a head office in High Wycombe in 1951. The accommodation there has been extended several times and we now have about two-thirds of our head office staff in High Wycombe. In addition, in 1974 we opened an administrative centre in Coventry where inore than 150 are employed. Less than 200 jobs remain in our head office in London.

We have now decided, because of the very high costs in central London, to reduce further the numbers we employ there, retaining only the investment departments in London. All the rest of our head office work, including general management, will be carried out at High Wycombe and Coventry. This transier of about 130 jobs out of London will make a significant contribution to containing our costs. We are constantly searching for ways of conducting our business economically without loss of efficiency.

Directors

We were greatly saddened by the death last July of Mr J F Crittall CBE. He had been a Director since 1961 and I know that my colleagues on the Board will always be grateful for his hivaluable advice over the years on industrial and other matters.

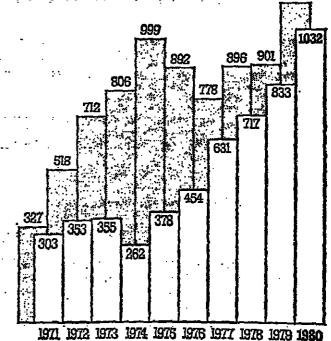
Sir Hilary Scott will be retiring at the Annual General 1.leeling having completed 26 years as a member of the Ecard. Sir Hilary's work in guiding the affairs of the Society has been of mestimable value and he will be much missed.

Lextend a renewed welcome to Sir Claus Moser ECB and Lord Rockley who were both appointed to the Board at the last Annual General Meeting. On 16th July 1980 Mr.J. Read was appointed a Director of the Society and on 18th February 1981 we appointed Mr.M.R. Harris, Iam confident that their contributions to our affairs will be fruituland I warmly recommend their re-appointment.

The decision to transfer some jobs out of London has, inevitably, caused difficulties for certain members of the staff, but I believe that the arrangements which are being made will help to smooth the transition for those concerned. The staff are, as always, dedicated to maintaining the quality of the Society's service and I feel sure that these moves will make their own contribution to this end hithis, as in other ways, the staff continue to respond most loyally in these challenging times and I thank them warmly. My colleagues and I extend our special thanks to Mr Michael Burns for his inspiration and leadership during this past year.

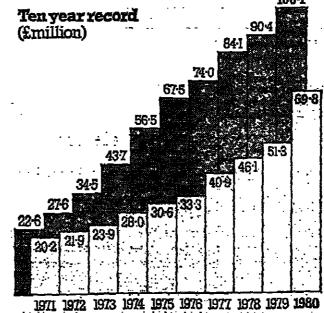
Copies of the Report and Accounts cen be obtained from the Secretary, 20 Lincoln's Inn Fields, London WC3A 3ES





New sums assured

Long Term Business funds at end of year



Annual premiums Payments under policies and annuities Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued Order company ("the Company") in the Unlisted Securities Markot. It is emphasized that no application has been made for these securities to be

air europe A

intasun leisure group

Offer for Sale by tender by **Barclays Merchant Bank Limited**

of 7,745,100 Ordinary shares of 10p each at a minimum tender price of 86p per share, the price tendered being payable in full on application

The application list for the Ordinary shares now offered for sale will open at 10.00 a.m. on Thursday, 16th April, 1981 and may be closed at any time thereafter.

Harry Goodman (Chairman). Stephen Matthews, M.A., M.B.A. (Deputy Chairman).

Bartholomew Martin O'Regan, B.Sc. (Econ.), F.C.A., A.C.M.A., Sidney Perez, F.C.C.A John William Smith, A.C.I.S., all of Leisure House, 29-31 Elmfield Road,

Bromley, Kent BR1 1LT. Sir James Frederick Hill, Bt., Melbourne Mills. Dalton Lane, Keighley, West Yorkshire BD21 4LQ.

Joint reporting accountants and joint auditors Arthur Andersen & Co., Chartered Accountants, 1 Surrey Street, Landon WC2R 2PS. Hillman, Rind & Co., Chartered Accountants, Central House, 36 Oxford Street, London W1N 9FL.

Secretary and Registered Office Peter Graham Woodward, M.B.A., F.C.A. Leisure House, 29-31 Elmfield Road, Bromley

Barclays Bank Limited, P.O. Box 224, 10 Market Street, Bradford 1,

Yorkshire BD1 1NR Johnson Matthey Bankers Limited. 5 Lloyds Avenue, London EC3N 3DB. Lloyds Bank Limited. 39 Threadneadle Street, London EC2R 8AU

Fountain House, 135 Ferichurch Street London EC3M 5DN. Williams & Glyn's Bank Limited, 1-2 High Street, Cardiff CF1 2FX.

Midland Bank Limited,

Ordinary share capital of the Company.

£6,000,000 in 50,000,000 Ordinary shares of 10p each The Ordinary shares now offered rank in full for all dividends hereafter declared or paid on the

INDEBTEDNESS

At the close of business on Friday, 20th March, 1981, the Company and its subsidiaries ("the Group") had an outstanding secured loan of £240,000, secured credit sale commitments of £5,164,000, capitalised hire purchase commitments of £19,105,000, capitalised lease commitments of £4,415,000, unsecured shortterm loans of £1,024,000 and contingent liabilities (excluding deferred taxation) of £2,752,000. Save as disclosed herein and apart from inter-company borrowings and guarantees within the Group neither the Company nor any of its subsidiaries had outstanding at that date any loan capital or loan capital created but unissued, mortgages, charges or other borrowing or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acc credits, hire purchase commitments or guarantees or other material contingent liabilities

Barclays Merchant Bank Limited, 15/16 Gracechurch Street, London EC3V 0BA.

Lloyds Bank Limited. Registrar's Department, Goring-by-Sea,

Worthing, Wast Sussex BN12 6DA. Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.

Grieveson; Grant and Co. 59 Gresham Street, London EC2P 208

licitors to the Compan Stringer, Saul and Justice Marcol House, 293 Regent Street London W1R 7PD.

Solicitors to Barclavs Werchant Bank Limite Linklaters & Paines, Sarrington House, 59-67 Gresham St

London EC2V 7JA.

Lloyds Bank Limited,

Intasun Leisure Group public limited company

Intasun Leisure Group public limited company ("the Company") was incorporated as Vacation Apartment Limited in 1971, It adopted its present name in 1981, Harry Goodman, Stephen Matthews and Michael Prior have been involved with the Company since it commenced operations. The Company and its subsidiaries are hereafter referred to as "the Group".

In 1972 the Company acquired Intasun South Limited ("South"), a business owning three trave agencies in South London which were subsequently sold. South then commenced business as a tour operator, offering holidays to mainland Spain and Majorca with flights from Gatwick in order to extend operations to the North of England, Intasun North Limited ("North") was formed in 1973 in conjunction with Sir James Hill & Sons Limited ("Hill"), a Yorkshire-based textile and travel group. North's first programme of holidays, with flights from Manchester, mostly to Spain, was offered for the 1974 summer

In 1976 shareholders of the Company acquired T. H. Leisure Holidays Limited which principally offered holidays from Stansted and in 1977 Cambrian Air Holidays Limited ("Cambrian") which offered holidays from Cardiff and Bristol. These companies were both making losses at the time of acquisition. The catchment area for customers had afready been increased by offering holidays from East Midlands in 1975 and was further extended by offering holidays from Newcastle in 1977, Birmingham in 1978, Leeds / Bradford in 1980, and Glasgow and Prestwick in 1981. A further major development took place when the very successful programme of holidays in the U.S.A. was launched for summer, 1980.

In 1978 the tour operating companies decided to acquire their own pircraft and, in July of that year. shareholders of the Company jointly with Martin O'Regan and Errol Cossey formed Air Europe Limited to operate the aircraft.

Until 17th July, 1980, although the various companies had been managed as a group and had common shareholders, there was no formal group structure. On that date the Company agreed to acquire by an exchange of shares the remaining Group companies and the interest in North owned by Hill which thus obtained a minority shareholding in the Company. On 24th February, 1981 the Company agreed to acquire the minority interest in Air Europe Limited. In all material respects the financial information in this document has been presented to show the position as it would have been if the Group had been constituted in its present form throughout the period under review. On 1st April, 1981 all the tour operating companies became wholly-owned subsidiaries of Intesun Holidays Limited, itself a wholly-

The Group now comprises two related businesses, those of tour operating ("Intasun") and the charter airline ("Air Europe"), which in the year ended 31st March, 1981 are estimated to have contributed respectively 72 per cent. and 28 percent. of the Group's profit before taxation.

REASONS FOR ISSUE IN THE UNLISTED SECURITIES MARKET

The directors consider that there may be attractive acquisition opportunities in the travel industry in the coming years and they wish to be able to issue marketable securities for acquisition purposes. They also believe that there are commercial advantages to the Group in being a public company.

The vendor shareholders, whose names are set out in paragraph 3 of Appendix III, believe that the Group's prospects remain attractive and they do not currently wish to dispose of more than a small portion of their shareholdings. For this reason only 15 per cent. of the Company's share capital is being made available under this Offer for Sale. Accordingly application has been made to the Council of The Stock Exchange for permission for dealings in the Unlisted Securities Market but no application has been

The business

Intesun offers a range of inclusive holidays from ten U.K. airports to over twenty resort areas principally in Europe and Florida in the U.S.A. In the year ended 31st March, 1981 the approximate split between

					-							_				76
Spain:	Bal	eario	cisia	ands	.	••	••		••	••	••	••	••		••	28
. 1	Mai	nlai	īď.				••	-	-		=-	•••		••	••	23
1	Can	SLÀ	Islai	nds		••		••	••	••		••		•••	••	5
U.S.A.	••				••	••	••	••	••	••	••	••	••	••	••	20
Greece	••	••			••	••	••	••	••	••	••	••	••	••	••	7
Malta																7
Italy	••	••	••	••	••	••	••	••	••	••	••	••	••	••	••	5
Others	••	••	••	••	••	••	••	••		••	••	••	••	••	••	5
																100

The holiday package generally comprises the flight to and from the resort, transfer to and from the hotel, and the hotel accommodation often with full board. Intasurraims to offer holidays at very competitive prices: it uses hotels in popular resorts, mainly in the one-, two- and three-star categories or their equivalent. The principal holiday season is from June to September, approximately half of the holidays sold by Intasun being for these months. The first six months of its financial year have hitherto contributed the greater part of Intasun's profits and the directors expect this to continue.

A Bigg of the property of the second of the

Intasun's largest competitor in the U.K. is Thomson Travel Limited, with about 20 per cent. of the inclusive air holiday market. The directors believe that Intasun has approximately 10 per cent, of this market and that it is currently the second largest operator of inclusive air holidays in the U.K. by number of bookings. Other leading competitors include Cosmos Air Holidays Limited, Horizon Holidays Limited and Sovereign/Enterprise Holidays.

Brochures and advertising

Every summer intasun finalises its programme for the summer of the following year: resorts are chosen, prices and bed requirements are negotiated with hotels, and schedules and terms are agreed with airlines for the estimated number of holidays for each resort for each month. The brochures are then distributed, usually in October. Separate brochures are generally issued for South, North, and Cambrian. The procedure is similar for the winter programme, the brochures for which are issued in the spring.

The brochures are widely distributed to Intasun's appointed travel agents, all of whom must be members of the Association of British Travel Agents. These agents currently have some 3,500 outlets. including Redgrave Travel which is Intasun's own small agency in Lewisham and operates as a division of South. Intasun places great emphasis on its good relations with its agents through whom approx 95 per cent. of its holidays are sold. Brochures are the main sales medium and they are supported by point of sale displays in the agents' shops and by advertising in the national and local press.

Brief Information

The following information is derived from the full text of this document and accordingly must be read in conjunction with that text.

The Intasun Leisure Group comprises intasun, one of the largest holiday tour operators in the United Kingdom, and Air Europe, a British charter airline.

£5,163,700 in 51,637,000 Ordinary shares of 10p each.

Trading record	. : •••		• •		• •	
Years ended 31st March	1976	1977	1978	1979	1980	1981
Turnover £ 000 Profit before tax £ 000 .	9,660 587	11,730 369	25,452 1,963	40.238 2.590	48,755. 3,024*	(estimate) 101,000 10,100*

Estimated net assets at 31st March, 1981*: £13.6 million (26.3p per share).

 * The second of t		• •			-	. • .*
Offer for Sale statistics based on mir	imuin t	tender p	orice			
Minimum tender price per share						86p
Value of issued share capital		•• ••			٠.	£44.4 million
Estimated earnings per share for the	he year	ended	31st Ma	irch,		٠.
1981* on a notional 52 per cent. tax b	asis		:		••	9.40
Price earnings multiple * on a notional	al 52 per	r cent. ta	ax basis			9.2
Indicated net dividend per share				••	•	2.8p
Indicated gross dividend yield	• • • •			•• '		4.6 per cent.

*In each of the two years ended 31st March, 1981, profits, earnings per share and net assets reflect the Group's accounting policy relating to aircraft finance costs. This policy and its effects are described in full in the Accountants' Report and are referred to in the following paragraphs on the Group profit record and profit estimate for the year ended 31st March, 1981. If, instead, aircraft finance costs had been charged as incurred, the estimate of profit before taxation for the year ended 31st March, 1981 would have been £8.0 million and, hence, on a notional tax charge of 52 per cent., the estimated earnings per share would have been 7.4p, and the price earnings multiple 11.6: on the same basis the estimated net assets at 31st March, 1981 would have been 11.6 million (22.5p

Customers book through their travel agent with one of Infasur's three offices in Bromley, Bradford and Cardiff. There the bookings are processed and confirmations and invoices are sent to the travel agent, who in due course is issued with tickets for onward transmission to the customer. Intasun also salis holiday insurance on which it receives commission income.

Intasun does not at present make any significant use of computers in its operations, but a computer based reservation and sales accounting system is being introduced with a view to coming on-line in 1982.

In general, customers select their holidays several months in advance. It is a condition of sale that, when they book their holidays, they pay a deposit representing approximately 15 per cent, of the basic price of the holiday. This is normally non-returnable and compensates the operator for costs incurred if a holiday

Flight arrangements

Intesun charters seat capacity from various airlines and, occasionally, from other tour operators to match the holiday programmes on offer for each resort. Approximately half of Intasun's short-haul flight requirements are currently provided by the Group's fleet operated by Air Europe, the remainder being met by a number of other airlines. Intasun regularly sub-contracts seats to other tour operators, but the profit on such sales is small.

Hotel contracting

As a matter of policy the Group has no investments in hotels. Fixed tariffs are negotiated with hoteliers on a seasonal basis and advance contractual commitments are kept to a minimum. Intasun sometimes places deposits with hotels but only when it has already taken sufficient bookings to cover the deposit. Intasun's buying power and its record of taking up its allocations enable it, in general, to reserve accommodation in advance and to pay only for those rooms occupied. Undue dependence on any one

Intasun employs local agents for handling customers on arrival in resorts. In Spain approximately 90 per cent. of Intasun's customers are handled by Viajes iberia, S.A., while in Florida all customers are handled by Visit US, Inc., which is jointly owned by the Company and associates of Visjes Iberia, S.A. To attend to customers in the resorts, Intasun has local representatives whose number fluctuates according to the time of year but during the high season is approximately 190.

The basic holiday prices quoted in the brochures are based on contracted aircraft costs, usually payable in Sterling, and hotel and other overseas costs, usually payable in foreign currency. Most airlines include in their contracts with intasun the right to impose a surcharge for increases in fuel and other direct operating costs, provided three weeks' notification is given. Intesun's contracts with its customers, in keeping with industry practice, provide for the right to pass on increases in aviation and currency costs, in most cases up to a stipulated maximum, at any time prior to the date of issue of the final invoice for the holiday. This date is usually ten weeks before departure. Although Intasun bears any increased costs after the date on Which its customers can be surcharged, hitherto such increased costs have made no significant impacton profits. Intasun regularly takes forward cover for part of its foreign currency requirements.

Factors in Intasyn's success

- The directors attribute Intasun's success to a number of key factors:the contracting of both hotels and aircraft on competitive terms while financial exposure on these
- (ii) careful pricing of holidays to ensure that prices are competitive but provide a satisfactory average gross margin, and
- (iii) constant monitoring of bookings in order to increase capacity or to decrease it and thus achieve high -

The growth of Intasun's business can be seen from the following table which shows the number of holidays sold, the load factor and the profit before taxation. The load factor is the ratio of the number of seats sold to the total capacity taken by Intasun, excluding sub-contracted seats. Holidays are priced to

achieve a saustactory gross margin at a	HOND THEORY	oo her cen	L			
Years ended 31st March	1977	1978	1979	1980	1981	
Holidays sold ('000)	124	238	339	296	417	
Load factor (percent.)	. 88	92	89	90	91	
Profit before taxation (£'000)	369	1,963	2,590	2,478	7,300*	
*estimate	•			•• .	•	

Over the period Intasun has grown to become a major force in the industry. The downturn in holidays sold in the year ended 31st March, 1980 is attributed by the directors to the late publication of the summer 1979 brochures in what proved to be an unusually early booking season; bookings were further affected by adverse publicity arising from strained administrative procedures which followed the rapid growth in the previous two years. Profit, however, decreased by less than 5 per cent. because intasun, despite selling fewer holidays, was still able to improve the gross margin and load factor. The administrative procedures have since been corrected.

holidays sold to Europe and the launch of the new and successful programme to Florida, both contributing to a higher overall gross margin. Increased investment income, as a result of substantially greater cash balances and high interest rates, has further contributed to profit. Intasun has also benefited

AIR FUROPE The business

The main offices of Air Europe are in Reigate, Surrey and there are operating bases at Gatwick and Manchester airports. Air Europe now operates six Boeing 737-200 Advanced aircraft, three having come into service in 1979, two in 1980 and one in March, 1981. A further aircraft is due to commence operation in summer 1982. Additionally, in January, 1980 an agreement was signed between Air Europe and Air Florida Inc. ("Air Florida"), a United States scheduled airline, which provided for the lease of an Air Europe aircraft to Air Florida for the period from November to April in 1980/81 and for a similar lease from Air Florida to Air Europe of an Air Florida Boeing 737-200 aircraft for the period from May to October, 1981. The adverse effect of the arrangement on Air Europe's profitability in the winter is expected to be more than offset by increased profitability in the summer season.

Air Europe operates the Group's aircraft and charters to other tour operators for specific numbers of flights, generally out of Gatwick and Manchester, but also from other regional airports in the U.K. Rights are made to most of the main holiday areas of Europe but there are no long-haul or transatiantic journeys. Management schedules the flights to ensure a high utilisation of the fleet. According to the latest available Civil Aviation Authority statistics, Air Europe's utilisation has been among the highest in the U.K. industry.

Aircraft capacity is sold approximately twelve months ahead for the summer season and some nine months shead for the winter season. The charterer pays by instalments, the final payment being in the Prices are fixed as at a specified date but increases in direct operating costs (such as fuel prices and

airport charges) which occur after this date may be passed on to the charterers generally up to three weeks before the departure of the relevant flight. Intasun is the largest user of the Group's fleet but hitherto it has not accounted for more than approximately 50 per cent. of the capicity during the summer season, although this percentage has risen during the winter. Air Europe's customers are some 25 U.K. tour operators, none of which accounts for more than 8 per cent of the fleet's capacity. Air Europe trains its own crew and cabin staff. Most of the aircraft maintenance is contracted to

Britannia Airways Limited and Dan-Air Engineering Limited. A subsidiary of Trusthouse Forte Limited provides most meat and bar supplies. Fuel supplies are arranged under agreements with leading international oil companies. Air Europe's insurance policy provides all risks cover for aircraft and equipment together with comprehensive cover for third party, passenger, baggage and freight liabilities. During the summer season of 1980 Air Europe is estimated to have carried approximately 7 per cent. of U.K. international tour charter passengers, its main competitors are Britannia Airways Limited, British Airways Limited, Dan-Air Services Limited, Laker Airways

International Limited, Monarch Airlines Limited and Orion Airways Limited; all but Dan-Air Services Limited have connections with a significant tour operating company. Although a number of new aircraft has been delivered to Air Europe's competitors in recent months, the

alieve that Air Europe should continue to maintain its competitive position, partly because of the efficiency of its service, and partly because many other aircraft operating in the tour market are relatively old and expensive to run.

The Boeing 737-200

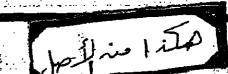
The Boeing 737-200 Advanced series of aircraft was designed to combine operating reliability, fuel efficiency, low operating costs and passenger comfort with a low capital cost per seat. The 130-seat configuration used by Air Europe is popular with charterers because it enables them to achieve high seat utilisation on less popular routes and in the off-peak season. Furthermore, the 737-200's ability to use airfields with runways as short as 5,500 feet increases the number of routes on which it can operate. Two particular features, integral stairs and an auxiliary power unit for cabin air-conditioning and engine starting, permit a fast turn-round at the airport.

The Group benefits from the advantages that all the aircraft were acquired new and thus have low anance requirements and that, since they are all of the same type, the costs of servicing, maintaining spares and crew training ere kept to a minimum.

Air Europe's growth The directors attribute the success of Air Europe to the high utilisation achieved for the fleet and to the

advantages of the Boeing 737-200 Advanced aircraft. The extent of Air Europe's growth can be seen from

:	Years ended 31st March					1980	1981
· -	Hours flown Profit before taxation (£'000)	 :: ::	**	**	••	10,905 546	(estimate) 19,800 2,800



Intasun

THE GROUP

Directors and senior management

The Group management team combines experienced travel managers and professional executives with general business backgrounds.

Errol Cossey, 37, commercial director of Air Europe, has worked in civil aviation since 1962, most recently with a major independent airline where he was responsible for marketing a fleet of 28 jets. He joined the Group in 1978 as a founder director of Air Europe.

Herry Goodman, 42, chairman of the Company and Group chief executive, has spent all his working life in the travel industry. In the mid 1960's, with two partners, he formed a tour operating company which was eventually sold. He has been associated with the Group since its inception.

Sir James F. Hill, St. 37, a non-executive director of the Company, is chairman of Hill, the Yorkshire-based textile and travel group which was an original minority investor in North. He is a director of the Huddersfield and Bradford Building Society.

Stephen Matthews, 46, executive deputy chairman of the Company, is principally concerned with the formulation of corporate and financial strategy, banking relationships and aircraft financing. A founder director, he has had broad general and funancial experience of business, both in North America and Europe, He is also a director of an investment banking company.

Martin O'Regan, 47, a director of the Company and chief executive of Air Europe, is a chartered accountant and spent 12 years as tinance director of a major independent sirline group during a penod of expansion when sales grew from £1 million to over £100 million per annum. He joined the Group in 1978 as a founder director of Air Europe.

Sidney Parez, 53, a director of the Company and executive deputy chairman of Intesun, is principally responsible for intasun's aircraft contracting, marketing and advertising policy, brochure preparation and trade relations. A certified accountant with more than 30 years' experience in the travel industry, including 8 years as managing director of a major tour operator, he joined the Group in 1976. He is widely known in the travel industry, recently both as a member of the National Council of the Association of British Travel Agents and as chairman of its Tour Operators Council.

José Perez-Lopez, 48, overseas director of Intasun, is responsible for hotel contracting, the network of overseas agents, client handling and quality control at the resorts. A Spanish citizen, long resident in the United Kingdom, he had wide executive experience in the travel industry before joining the Group in

Mike Prior, 46, one of the founders of the business and sales director of Intasun, has overall responsibility for holiday sales and is closely involved in quality control at resorts. He has spent substantially all his working life in the travel industry, including a period as sales executive of an airline. He is responsible for relations with the travel agencies and is well known in the retail travel trade.

Jack Smith, 48, a director of the Company and managing director of Interun, is a chartered secretary and a former senior executive of Hill. He joined the Group in 1973, initially to manage North. He became managing director of Intesun in May, 1980, and is also a member of the Tour Operators Council of the Association of British Travel Agents.

Peter Woodward, 36, secretary of the Company, Group treasurer and a director of Intasun, is responsible for financial control and accounting matters in the Group. A chartered accountant and graduate of Cranfield Business School, he gained executive experience in three different industries before joining the Group in 1973.

In March, 1981 the Group had approximately 700 employees in the U.K. of whom 360 were employed by Intasun. Of Air Europe's 340 employees, approximately 90 were pilots and 160 were cabin crew. In addition there are Intasun's overseas representatives whose numbers fluctuate between 70 and 190 depending on the season.

Staff relations are good. There is a contributory pension scheme offering benefits in line with current practics for contracted-in schemes. All Group employees with over 6 months' service enjoy travelconcessions in line with those normally available in the industry.

Up to 300,000 of the shares now offered for sale have been reserved to meet applications by employees.

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The principal premises occupied by the Group, all of which are leasehold, are at Bromley, Bradford. Cardiff, Reigate and Gatwick Airport. In total, the Group occupies some 68,700 sq. fz. of offices at current ennual rentals totalling £199,065. Alt leases are on normal commercial terms with, in most cases, rent reviews every five years. Included in the above figures are the Bradford premises, totalling 30.529 eq. ft., which are rented from Hill at a current annual rental of £36,540. A schedule of the Group's interests in property is set out in Appendix II.

Bonding and licensing arrangements

Every United Kingdom operator of oversess inclusive tours by air to required to hold a licence issued by the Civil Aviation Authority. The operator must obtain a bond from a bank or other institution which guarantees the payment of up to a prescribed percentage (normally 10 per cent.) of its estimated gross, turnover in the event of a failure to meet liabilities to passengers; this is reduced to 7 per cent. for intasun and other well-established companies.

Additionally, Air Europe holds licences from the Civil Aviation Authority to operate as a charter sirline.

Aircraft finance and acquisition policy

Air Europe operates six Boeing 737-200 Advenced afteraft and a seventh is on order for delivery in March, 1982. The directors regularly review the Group's future aircraft requirements and, although no decision has been taken about the acquisition of additional aircraft, some expansion of the Group's fleet is considered probable. While opportunities to deploy wide-bodied aircraft on long-haul routes are assessed neriodically, the Group, at present, has no plans to purchase such aircraft.

Five of the aircraft acquired by the Group to date have been financed under credit sale or hire purchase agreements over approximately ten years. One aircraft is being leased over seven years with a secondary lease for a further five years. Particulars of the financing arrangements for the aircraft are contained in paragraph 4 of Appendix III. All the aircraft have been financed under contracts denominated in starting.

The Group could have drawn on its cash balances to reduce the amount of indebtedness incurred in the acquisition of aircraft but the directors believe that the chosen methods of funding, which allow the Group to maintain substantial liquidity, provide more flexibility. No decision has yet been made on the method of financing the acquisition of the aircraft to be delivered in March, 1982.

Finance and working capital The businesses both of Intasun and of Air Europe have a strong positive cash flow and the Group maintains substantial cash balances throughout the year. In the year anded 31st March, 1981 the Group's net cash balances averaged over £18 million. The cost of acquiring aircraft has been funded on a long-term basis and it is considered that the Group's cash flow is adequate to service the substantial capital and interest payments under the finance agreements. The directors consider that, with the substantial cash balances and, in addition, bank and other facilities available, the Group has sufficient working capital for its present requirements.

Group profit record There is set out below a summary of the profits of the Group las now constituted), under the historical cost convention, for the five years ended 31st March, 1980, which has been prepared from the audited accounts on the bases which are set out in the Accountants' Report.

Years ended 31st March		1976	1977	1978	1979	. 1980
		£,000	£'000	€'000	£′000	£'000
Turnover		9,660	11,730	25,452	40,238	48,755
Interest receivable		115	125	. 216	592	879
Gross operating income		9,775	11,915	25,568	40,830	49.634
Operating expenses		9,188	11,545	23,705	38,240	45.182
Aircraft finance costs		_		_	_	1,428
ASICIAL IIIIANICE COACO						
Total operating expenses		9,188	11,545	23,705	38,240	46,610
Profit before taxation		587	369	1,963	2,590	3,024
	•					

Finance costs (interest and financing charges) payable under aircraft finance and lease agreements are charged in the profit and loss account in such a way as to spread these charges as evenly as possible (given that the variable portions require an estimate of future interest rates) over the periods of the relevant agreements. In the opinion of the directors this policy results in a proper matching of these finance costs with aircraft operating revenues. The more usual policy is to charge in the profit and loss

account finance costs as incurred. Had finance costs been charged in the profit and loss account as incurred, profit before taxation would have been £2,129,000 in the year ended 31st March, 1980 the first year in which the accounts were affected by the policy by this policy.

Current cost accounts

In its statutory accounts for the year ended 31st March, 1981, the Group will include abridged supplementary current cost accounts in compliance with Statement of Standard Accounting Practice No. 16. The differences between combined current cost profits and combined historical costs profits for the year ended 31st March, 1980 and the five months ended 31st August, 1980 are small.

Profit estimate The directors' estimate of historical cost profits of the Group las now constituted), for the year ended 31st March, 1981, based on turnover of £101 million and including interest receivable of £2,800,000 is set

it below:	6,000
Profit before taxation Taxation at a notional rate of 52 per cent.	10,100 5,250
Profit after taxation	4,850
Earnings per share Price earnings multiple at the minimum tender price	9.4p 9.2

The directors expect that the actual tax charge for the year ended 31st March, 1981 will be approximately 30 per cent, to produce estimated sernings per share of 14p, but the tex charge is likely to be higher in

If aircraft finance costs were to be charged in the profit and loss account as incomed, the estimated profit before taxation would be £2,000,000 and the profit after taxation, assuming a notional tax charge of 52 per cent., would be £3,840,000. On this basis earnings per share would be 7.4p, and the price earnings multiple at the minimum tender price would be 11,6.

Aircraft finance costs included in the profit estimate have been determined using the directors' estimate that the London interbank offered rate ("LIBOR"), for six-month deposits, will average 13 per cent. per annum over the remaining periods of the aircraft linence agreements which extend up to ten years.

Estimated net assets

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The directors estimate that at 31st March, 1981 the net assets of the Group were £13,600,000. If aircraft finance costs had been charged in the profit and loss account as incurred, the estimated net assets would be £11,600,000.

Dividends

The directors do not intend to declare a dividend in respect of the year ended 31st March, 1981. However, if the Company's existing share capital had been publicly held during that year, the directors would have

aareo oivioei	FIDE AS TOHOME.	Amount (net)	Month of payment
Interim Final		1.1p 1.7p	January August
		2.8p	

This total dividend would have cost £1,445,000 net of advance corporation tax. It is equivalent to 4p including the associated tax credit of 30 per cent, and would provide a gross dividend yield of 4.6 per cent. at the minimum tender price of 86p per share.

It is expected that the first dividend payment will be made in January, 1982, being the interim dividend in respect of the year ending 31st Merch, 1982.

Future prospects

The number of oversess inclusive air holidays taken by U.K. residents has usen from 2.1 million in 1970 to an estimated 5 million in 1980. The directors believe that there is scope for further growth in this market in coming years and that both intasun and Air Europe are well placed to take advantage of any such

A major factor which the directors consider could affect the Group's business would be a prolonged civil disturbance in Spain since it would not be possible, in the short term, to find accommodation elsewhere in Europe for the number of holidaymakors who usually visit that country. However, this would affect not only the Group but all major U.K. inclusive tour operators and, in general, tourism is so important a part of the oconomies of the main tourist regions that it is likely that every endeavour would be made to prevent disturbances having a prolonged effect on the industry.

Demand in the U.K. for overseas holidays could be reduced if the current recession were to continue but the directors believe that, for many families in the U.K., oversees holidays have become an item of regular expenditure rather than a luxury. At present, the compositive prices of Intesun's holidays are continuing to

Intasun's buying power and the strength of starling have enabled it to hold average basic prices for its summer 1981 holidays to levels only marginally above those of the previous year. On 31st March, 1981 Intasun's bookings for the forthcoming summer season were 5 per cent, higher than bookings at the same date in 1980: bookings at 31st March in each year represented approximately 75 per cent, of the holidays then offered for the summer season. Air Europe has sold all the capacity of the enlarged fleet for the 1981 summer season. Although it is too early to make a forecast of the Group's profits for the year ending 31st March, 1982, the directors are confident that, in the absence of unforeseen circumstances, the results will prove satisfactory.

9th April, 1961.

9th April, 1981

Accountants' Report

The following is a copy of a joint report to the directors of the Company and Barclays Marchant Bank Limited, received from Arthur Andersen & Co., Chartered Accountants, and Hilman, Rind & Co., chartered Accountants, the Joint Auditors of the Company and Joint Reporting Accountants.

Intasum Leisure Group public limited company, Barclays Merchant Bank Limited.

We have audited the balance sheet of Intasun Leistine Group public limited company ("the Company") and the consoli loss accounts and statements of combined source and application of funds for the years ended 31st March, 1978, 1979 and 1980 and for the five months ended 31st August, 1980, prepared on the bases described in the accounting policies section

below. In accordance with approved Auditing Standards.

Arthur Andersen & Co. were appointed joint auditors of the Company on 25th March, 1981. Hillman, Rind & Co. have been auditors throughout the entire period covered by this report and have also audited the combined profit and loss accounts and statements of combined source and application of funds for the years ended 31st March, 1976 and 1977. Since certain accounting records are not now available, the opinion given below in respect of these two years is solely that

of Hillman, Rind & Co.

As explained in Note 1, the figures shown in the financial information below (except for the effect of the subsequent acquisition of Airline Management Associates Limited and the effect of the minority interest in Air Europe Limited on the consolidated balance sheet) are those that would have been reported had all the subsidiaries been in the Group and wholly-owned prior to 31st March, 1975, or from their dates of acquisition or formation where later.

The financial information presented below is based on the audited accounts, after making such adjustments as we consider riscessary, the principal adjustments being those to reflect the organisational changes referred to in the preceding paragraph.

consider reacessary, the principal adjustments being those to reflect the organisational changes reverted to in the precising paragraph. In our joint opinion, the financial information shown below for the Company and the Group (constituted as explained in Note 1) gives a rive and fair view, under the historical cost convention, of the state of affairs of the Company and of the Group it 31st August, 1980, and of the profits and source and application of funds of the Group for each of the years ended 31st Magust, 1980, on a consistent basis. In the opinion of Hillman, Rind & Co., the financial information shown below gives a true and fair view, under the historical cost convention, of the results and source and application of funds of the Group (constituted as explained in Note 1) for each of the years ended 31st March, 1976 and 1977, on a consistent basis.

Accounting policies
The significant accounting policies which have been adopted in arriving at the financial information set out in this report are as follows:-

Basis of preparation
The financial information has been prepared under the historical cost convention.

collebration / consistentian principles and interest in subsidiaries and especiated companies

The consolidated combined finencial information includes the accounts of the Company and its subsidiaries on the basis set out in Note 1. Intercompany transactions and balances are eliminated.

The Company accounts for its interest in subsidiaries and associated companies by the equity method, whereby the verificery execution for its impress in subsidiaries and associated companies by the equity method, whereby the original cost of the interests is adjusted for the movement in applicable underlying not assets since the date of acquisition or formation.

lation of foreign current

Foreign currency transactions are translated at the rates of exchange prevailing on the transaction dates. Foreign currency denominated assets and liabilities are translated at the rates of exchange prevailing at the balance sheet dates, or to the extent that foreign currency denominated liabilities are covered by forward exchange contracts at the appropriate

Turnover of the Group comprises receipts from the sales of inclusive holiday tours net of agents commission commissions, cancellation charges, revenue from chartering aircraft and inflight sales. Revenue from inclusive holidatours, chartering aircraft and commissions is taken into profit on departure of the flight. All other revenue is recognised a

Fixed assets
Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided by the straight-line method based on the cost and estimated useful lives of the fixed assets.

Aircraft leading agreements which are of a purely financial nature are capitalised as fixed assets and depreciated over the shorter of their estimated useful lives and the periods of the leases.

old property -50 years;

rreenon property – 50 years;
Short leasehold properties – period of lease;
Aircraft and major spares – 12 years to a residual value of 10 per cent, of cost;
Leased eintraft – 12 years to a nil residual value;
Aircraft ancillary equipment, footness fittings and motor vehicles – 3 to 7 years.

Aircreft finance costs interest and financing chargos payable under aircraft finance and lease agreements are charged in the profit and least account in such a way as to spread these charges as eventy as possible (given that the variable portions require an estimate of future interest rates) over the periods of the relevant agreements. In the opinion of the directors this policy results in a proper metiding of aircraft finance costs with aircraft operating revenues. The more usual policy is to charge in the profit and loss account interest and financing charges as incurred. At the end of each financial period the actual interest mourned since commencement of the agreements is added to an estimate of future interest to be incurred based upon the directors' estimate of interest rates which will prevail over the remaining periods of the agreements. From this re-estimation of interest and financing charges arising over the entire period of the agreements are deducted those charges already reflected in profit and loss accounts of periods up to the agreements and the resulting amount which relates to this financial period is charged in the profit and loss account. The organisms and the resulting amount which relates to this financial penod is charged in the profit and loss account. The difference between the interest and financing charges mourred and that charged in the profit and loss account is included

under the heading of deferred expenditure in the balance sheet.

The financial information for the period ended 31st August, 1990 has been prepared using the directors' estimate that the London interbank offered rate ("LIBOR"), for six-morah deposits, will average 13 per cent. per annum over the s which extend for up to ten years.

Aircraft introductory costs

Austraft introductory costs comprise the cost of conversion training programmes for new aucrew and cabin staff and the operating costs for new aircraft anguing prior to their commencement of commencial flying. These costs are shown as operating costs for new aircraft arising prior to their continencement of commercial flying. These costs are shown as deferred expenditure in the balance sheat and are written off over five years. Recurrent training costs are, however, charged as they are incurred against current profits.

Engine overhaul, airframe maintenance and routine maintenance costs are based on the numbers of hours flown and approved engineering maintenance schedules, and are invoked currently except for certain of the overhaul and airframe maintenance costs for which provision is made.

Deferred treation
Deferred treation, principally arrains from aircraft depreciation being attributed for tex purposes to periods different from
those in which the charges are recorded in the accounts, is not provided where, in the opinion of the directors, there is
reasonable probability that such deferred treation will not be payable in the foresceable future and there is no indication
that the situation will change. The deterred taxation shown in the balance sheet represents the amount of timing
differences expected to become payable, computed at the corporation tax rate existing at the end of the period.
The effect of changes in the directors' assessment of the fluxly reversal of thering differences or changes in the cate of on tex is recorded at the time such changes eries.

Combined profit and loss accounts

			Y	ended 3	1st March		Augusi
	Notes	1976	1977	197B	1979	1930	1980
		€ 000	£ '000	£,000	£*000	€ '000	000
Turnover	2	9,660	11,730	25,452	40,238	48,755	58,406
Interest receivable	_	115	185	216	592	879	1,036
Gross operating income		9,775	11,915	25,668	40,630	49,634	59,442
Operating expenses (excluding depreciation and aircraft			-				
finance costs)	3	3,175	11,532	23,652	38.162	43,801	49.587
Depreciation		12	14	53	78	1,381	1,023
Aircraft finance costs		_				1,428	1,050
Total operating expenses		9.188	11,546	23,705	38,240	46.610	51,660
Profit before taxation		587	369	1.963	2,590	3.024	7.762
Taxation	4	293	368 229	753	2,550 136	(1,053)	2,236
	. •					(1,063)	2,249
Profit after taxation	15	294	140 .	1,210	2.454	4.107	5,536
Earnings per share	5	0.60	0.3p	2.3p	4.8p	8 Op	10.7
•		. ==== `	-				<u> </u>
Had aircraft finance costs been charged to profit and loss as incurred							
Profit before taxation would							
have been						2,129	6,786
Profit after taxation would have been						3,212	5,243
have been						3,212	5,243
Profit after taxation would have been	5					3,212 	5,243

	-										Notes	The Group £ 000	The Compan
Ssets employed:											*******	F 000	E 00
Fixed assets	••	••									6	27,717	-
Subsidiary companies				٠.	••	••	••	••	••		7	_	11,83
Associated companies				••	••	••	••	••	••	٠.	8	4	
Deferred expenditure			••	••	••		••	••		**	9	2,398	-
Current assets:	, .							•				30,119	11,84
Debtors and prepaymen	tis										10	11.254	-
Listed investments											77	185	
Bank deposits and cash											12	23,065	
Taxation recoverable				••						••		690	
												- -	
												35,396	
Current liabilities:													
Cash received in advance												15,240	
Creditors and accruals	_											11.580	
Short-term loans					٠.						13	1,030	
Тахалоп	••	٠.	••		٠.			- •	• •			46	
													
												27,896	į
National Action 191													
Net current assets /(liabili	105					••	••	••		••		7,499	E
												37,618	11.7
												37,818	1 r. 41
inanced by:													
Share capital		٠.						٠.			14	34	
Share premium		٠.			٠.						14	4,725	4,72
Retained profits			••	••	**			••			15	7,031	7,0
Shareholders' funds:												11,790	11.7
Minority exterest												749	11,6
Deferred taxation		••	•••	••	٠.	••	••	••	•••	••	4	2,200	
Deferred liabilities		•	•••	••	••	••	••	••	••	••	16	22.879 22.879	
			••	••	•••	••	•••		••	••		22,8/3	_
												37,61B	11,7
													===

Statement of combined source and application of funds

wement in net Rouid funds: decrease) in bank dep

and cash

						Pive months <i>anded</i>
		_		- -		31st
•			ears ended 3		45	August
•	1976	-1977	1978	1979 -	1980	1980
Parrie - Streets	2000	£.000	€ '000	000'3	£'000	€,000
Source of funds:	•••	445				
Profit efter taxation Add (deduct) items not involving the movement of funds:	294	140	1,216	2,454	4,107	5,536
Tunos; Depreziation	12	14	53	78	4 504	1,023
(Profit) loss on sale of	12	14	23	76	1,381	7,025
(Projut) 10:55 On Sale of	_	Jet	~	<i>P</i> 44	(6)	455
Deferred textition	_	(6) —	(7)	(7)	(6)	125 2.200
Deletted texauon		_~				2,200
Total annual from	-					
Total generated from operations	306	148	1,256	2,525	5.682	8,284
Funds from other sources	200	170	فكالنفوة	مهيه	2/404	0,004
Sale of fixed assets	3	7	26	32	50	16
Issue of shares	=	<u>-</u>	_	_		14
Long-term loans	_	440	224	=	_	
Increase in deferred liabilities		~~		3,967	14,521	4.391
HIN 2000 RI POLGI GO MENINDO						
	309	595	2.276	6,524	20,053	13.305
		-		=====	====	
Application of funds:						
Purchase of fixed assets	55	28	181	6,326	17,937	5,947
Subsidiaries		266	1.089		_	
Increase in deferred excenditure	_		حويم:	_	1.780	618
Long-term loans	=	_	_	_	410	1.024
Other	25	25	_	_		24
Other						
	20	319	1,270	6.326	20.127	7.613
•						
increase (decrease) in net current assets:						
Debtors and prepayments	· 584	23 0 ··	.	1,890	4,958	1,122
Listed investments		_	101	2	(38)	118
Cash received in advance	(273)	(1,577)	(2.786)	(435)	(8,655)	(1,491)
Creditors and accruals	64	(32ガ)	(184)	(624)	(3,519)	(6,652)
Taxation	(259)	160	(671)	270	1,512	(50)
Movement in net liquid funds	_ :		• •			
as below	113	1.130	2,176	(905)	5,668	12,645
•	229	276	1.006	198	(74)	5,692
-	309	595	2.276	6,524	20,053	13,305

 The Group and its reorganisation
 On 17th July, 1980 the Company acquired the share capitals of the following companies:-Cambrien Air Holidays Limited 100%
Flagcraft Limited (Including its 80%-owned subsidiary Air Europe Limited) 100%
Intasun North Limited (atheady 51% owned subsidiary) 49%
Intasun Morth East Limited 100%
Intasun Midlands Limited 100%
T.H. Leisure Holidays Limited 100%

. 132

(19)

113

1,109 2,174

2,176

21

1,130

(300)

(905)

5,113

5,688

13,620

975

12,645

The shares of these companies were previously held by certain shareholders of the Company.

The consideration for the above acquisitions was satisfied by the issue of 13,564 Ordinary shares of £1 each in the Company and £80 cash (Note 14).

As a result of the above acquisitions and the subsequent acquisition referred to in Note 21, all companies in the Group are wholly-owned subsidiaries. The Company's subsidiaries following the acquisitions are set out in Note 7.

Except for the effect of the subsequent acquisition referred to in Note 21, and the effect of the minority interest in Air Europe Limited on the consolidated balance sheet the financial information has been presented on the basis that all subsidiaries were in the Group and wholly-owned prior to 31st March, 1975 or from their dates of acquisition or formation these lates.

2 Turnover

		 1976 £ 1000	Years an 1977 £ 7000	ided 31st Ma 1978 £°000	nch 1979 £'000	1990 £′000	ended 31st August 1930 2000
our operating:							
Holiday sales and	ancellation						
charges -		 9.436	17.234	23,655	36,727	37,579	43,755
Aircraft seat sales		 101	326	1,484	2,960	3.274	5,741
Commissions	** ** *	 133	170	313	551	445	496
udine:	•• ••	 					
Charter income	-	 · _	_	_	_	6.532	7,471
Indight seles		 _	_	_	_	925	239
utuifit ir Soice	** ** *	 					<u> </u>
		9,660	11,730	25,452	40,238	49,755	59.406

intasun 🝍	والمراها المالية		الكريك بيان	و کی اِس	اندوديد		
3 Operating expenses	•						Five months
				131 st March 1978	1979	1980	ended 31st August 1980
Operating expenses include th	•	1976 £'000	1977 €1000			'000 '000	1000
following: (Profit) loss on sale of fixed		_	(6)	(7)	ra).	(6)	125
Aircraft introductory costs Directors' emoluments (incluments to direct	or-	 52	 80	105	119	116	65 €2
owned service companies Income from listed Investme 4 Taxation			==	=		(6)	(4)
(a) The charge /(credit) for taxa which is based on the profi each period, comprises:							
Corporation (axation at 5 Deferred laxation	2%	293 — ==== .	239 	753 — ————	138 (1) — ===================================	.083)	2,200
 (b) If full provision for deferred taxation were made the cha would be increased by 		-	-	_ 1	.100 5.	300	_=
(c) Deferred taxation arises pri (d) The sotal potential liability (ncipally from acce	lerated capit	al allowances	less unutilised	tax losses.	900 000	
5 Earnings per share Earnings per share been							
Ordinary shares of 10p each in a							
6 Fixed assets		Short		Aircraft major spares and	Floritum		
	Freehold property £ 000	teasehold properties £'000	Aircraft E'000	£'000	vehicle £'00	es 10	Total £ 000
Cost	171	4	27,436 2,014	1,773 180			30,223 2,506
Net book value	170	2	25,422	1,593			27.717
Aircraft cost includes £5,443,87 At 31st August, 1980 the Group							
7 Subsidiary companies Shares at cost less amounts wr							£'000 4,779
Equity interest in increase in un Amounts due from subsidiaries Amounts due to subsidiaries		ls since acqu	noitei		 	:: ::	7.029 293 (271)
							11,836
The following are the subsidiari included in the financial inform			where incom	o∗ated or acqu		-	
Name of company Intasun Holidays Limited	Principal activi Holding comp		21st Octob		Issued ar paid∙up s £50,000		i Japan
Intasun South Limited Cambrian Air Holidays Limited	Tour operator Tour operator		ist August 23rd May,		£50,000		
T.H. Leisure Holidays Limited Intasun North Limited	Tour operator Tour operator		Sth March, 17th April.		£20,000 £100 (Ord		
("North") Intasun North East Limited Intasun Midlands Limited	Tour operator Tour operator		28th June, 12th April,		£30.000 (£198 £100	Deterrac	0
Flagoralt Limited Air Europe Limited Leisure Securities Pension	Holding compa Airline	any	7th June, 1 18th July, 1		£10,000		
Trustees Limited Airline Management Associates Limited ("AMA")	Trustee compa Management company	ny	4th June, 1 30th Septe		£2 £100 (Ord £100 (Def		
Intasun Overseas AG All subsidiary companies are wi	Hotel contraction	_	-	mber. 1976 s A.G. which is	Swiss Fra	nes 50,0	
are incorporated in England. On 3rd December, 1980 North February, 1981 AMA issued 100	issued 100 Ordini	ary shares o	f E1 each by w	ay of capitaksa	rica of retains		
8 Associated companies		•					¢:see
Shares in unlisted companies at Equity interest in increase in und		since acqui	sition		:: :: ::		£*000 4
							4
Associated companies compris Visit US Inc. Onejet Limited	50 per ce	intowned			ndfing age n mpany (Note:	3 11	
9 Deterred expanditure	20,000 08	21C-0941 ISD		estal i di da	unberty furcine	E1)	
Aircraft introductory costs Aircraft finance costs	·· ·· ·· ·· ·· ··		,, ,, ,, ,, ,	 	 		£000 506 1,832
							2.398
70 Debtors and prepayments Debtors and prepayments include	ie a deposit of £43	2,633 made	to the leasing	company refer	red to in Note	21. The	deposit
is recoverable with interest ove indemnity given to the bank in re Debtors and prepayments also	spect of the liability include an amou	ity of the bar	ok to the leason	g company.			
directors, both subsequently rep	ard.						
These are stated at market value	and are listed on	Overseas str	rck exchanges	-			
12 Bank deposits and cash Bank deposits and cash include: (a) £2,882,000 to support the			he T.O.S.G. 1	rust Fund Lim	ited in respe	ct of its	normal
bonding requirements (Not (b) E412,000 in connection with (c) £375,000 in connection with	guaramees unde						
13 Short-term foans	•	_					
Short-term loans include interes to a subordinating agreement list 1981 this debt was transferred to	ibsequently release a bank, continue	ed) with The	: Association o	d British Travel	Agents Limite	ed Qn 6r	h April,
1981 and the balance on 1st July 14 Share capital and share pres							
			Authorised share capita	l fu	sed and Ny paid Capital	DI 4	Share Import
At 31st August, 1980 (Ordinary si £1 each) — see below 17th March, 1981 — increase in al	· · · · · · · · · · · · · · · · · · ·	** **	£33,564		33,564	•	25,152
capital and issue by way of cap	italisation of		66,436	i	16,782		-
for acquisition referred to in No and related bonus issue 9th April, 1981 — increase in auth	ote 21		Ξ	:	861 430	7	49,139 —
capital and issue by way of cap share premium	Italisation of		5,900,000	5,1	112,063	(5.1	12,063)
At 9th April, 1981 (Ordinary share	is of 10p each)	•• ••	£6,000,000	-	63,700	£3	52,228
On 17th July, 1980 the authorises shares was made to existing share £1 shares as consideration for the	eholders out of re	tained prolit	s. On the sam	e date the Com	Destroe voted	to issue	13.564
£1 shares as consideration for the £1 shares were issued on 3rd De date. On 9th April 1921 each of the £	cember, 1980 foli	OWING BY IN	crease in the a	uthorised shar	re capital to £	33,564	ज्ञा क्षेत्र <u>र</u>
On 9th April, 1981 each of the 6,				rseo into ten C	romery Share	s qt 10p	₹ 8 0%,
The balance of retained profits at	31st Augus ;, 1980	is arrived a	as tollows:-				
Combined retained profits at 1st a Combined profit after taxation:—	pril. 1975				£.000		£000 134

Year ended 31st March, 1976
Year ended 31st March, 1977
Year ended 31st March, 1978
Year ended 31st March, 1979
Year ended 31st March, 1980
Period ended 31st August, 1980 13,875 Goodwill written off
Pre-acquisition profits of companies acquired on 17th July, 1980 (Note 1)
Issue of bonus shares
Minority interest in retained profits of Air Europe Limited (acquired on
24th February, 1981) (Note 21) (34) (5,063) (10) (747) 7,031 Company and Group retained profits at 31st August, 1980 are all retained in subsidiary companies and include £93,000 No Group company has paid any dividend during the period covered by this report. The Description approximation of the purchase comprises amounts payable more than twelve months after the balance sheet date in respect of hire purchase, credit eals and lease agreements for the financing of ancient. Amounts payable within twelve months are included in creditors (£1,483,000). a within 5 years:um payable by instalments from 1980 to 1983
purchase labilities payable by instalments from 1980 to 1990
hity to Onejet Limited payable by instalments from 1980 to 1987 (Note 21) €,000 4,338 2,294 9,304

The agreements generally provide for interest for periods between seven and temperars at rates not exceeding 2½ per cent. above USOR. The liability (£5,086,291) under a credit sale agreement in respect of one aircraft is secured by a charge on that aircraft, a spare engine and equip

avails aner 3 years.—
Amount payable by instalments from 1980 to 1989
Hire purchase liabilities payable by instalments from 1980 to 1990
Liability to Oneies Limited payable by instalments from 1980 to 1987 (Note 21)

The Group leases certain office premises under leases expiring at various dates between 1981 and 2005. The annual rental on such leases is approximately £200,000. The rents payable under these leases are subject to renegoustion at various instead of a subject to renegoustion at various

18 Pension arrangements
The Group operates a staff benefits plan which was established in 1979. All employees who are in permanent employment within the Group are eligible for membership. An actuarial valuation of the plan at 31st March, 1969 by consulting actuanes confirmed that it was adequately functed. The employers' contributions to the plan arrounted to £41,859 in the five months ended 31st August, 1980.

19 Guarantees and contingent liabilities
Guarantees and contingent liabilities at 31st August, 1980 were:—
(a) Under the bonding requirements of the Civil Aviation Authority, the Group had outstanding at 31st August, 1980, a
contingent liability in respect of counter-indemnities in favour of its bankers relating to guarantees of the Group's contingent transity in respect of counter-indemnines in targur or as baraker resuming to good states to the Cooper liabilities to The T.O.S.G. Trust Fund Limited.
The liability under these indemnities amounted to £1,781,000 in addition to the deposits referred to in Note 12.
Guarantees given by the Company in respect of joint and several liabilities arising from the acquisition and leasing of aircraft by certain substituties amounted to £24,362,000 in addition to the deposits referred to in Notes 10 and

(c) A guarantee in respect of any liabilities up to £250,000 of a subsidiary, if at any date that company is unable to pay such liabilities in full.

20 Other related party transactions
Operating expenses for the five months ended S1st August, 1990 include the following transactions with related party:

(a) Transfer and handling fees paid to Visit US Inc.

(b) Rent paid to Sir James Hill & Sons Limited, a major shareholder and a company of which Sir James F. Hill is a director, in respect of leasehold premises occupied by certain subsidiants.

(c) Management fees paid to Sir James Hill & Sons Limited
(d) Leasing costs paid to Onejet Limited recorded as aircraft finance costs (Note 21).

Turnover includes tour operating revenue derived from Tater Travel Limited, a subsidiary of Sir James Hill & Sons Limited

£140,000

21 Subsequent acquisition and disposal On 24th February, 1981 the Company acquired 100 percent, of the share capital of AMA for a consideration of 361 Ordinary shares of £1 each in the Company and £517,500 cash from the chief executive is director of the Company) and the commercial director of Air Europe Limited. The principal asset of AMA is its 20 per cent, interest in Air Europe Limited. Assets, liabilities and profits arising from other activities of this company are not significant to the Company. In the opinion of the directors the fair value of the shares acquired was £1,267,500 which amount has been attributed thereto resulting in a share premium of £749,139. Since this managed on completes the reorganisation of the Group, goodwill of approximately £532,300 arising has been written off.

On the same date the Group sold its 20 per cent, holding of share capital in Onejet Limited for £5,000 cash to the same parties, who now own 100 per cent, of Onejet Limited. The leased aircraft referred to in Note 6 is leased from Onejet Limited which in turn leases it from a leasing company.

Limited which in turn leases it from a leasing company.

22 Audited Accounts
No audited accounts have been prepared in respect of any period subsequent to 31st August, 1360.

Yours faithfully,

Hillmen, Rind & Co. Àrthur Andersen & Co.

Appendix I: Estimate of Profits

1 The directors have estimated that the profits before texation of the Group for the year ended 31st March, 1981 were £10,100,000. The profit estimate is based on audited accounts for the five months ended 31st August, 1980, unaudited management accounts to the end of February, 1981 and an estimate in respect of March, 1991.

The following are copies of letters to the directors of the Company relating to the profit estimate for the year ended 31st

(a) Letter from the Joint Reporting Accountants:

Intasun Leisure Group public limited company

Central House 1 Surrey Street London WC2R 2PS Landon W1N SFL 9th April, 1981 The Directors,

red the accounting policies applied and the calculations made in preparing the estumate of profits before taxation of Intasun Leisure Group public limited company and insubsidianes for which you, as directors, are solely responsible) for the year ended 31st March, 1981, as set out in the Offer for Sale dated 9th April, 1981. The estimate of profits before taxation includes results shown by audited accounts for the five months ended 31st

August, 1980 and unaudited management accounts to the end of February, 1981.

In our opinion the estimate of profits before taxation, so far as the accounting policies and calculations are concerned, has been compiled on the basis set our by you in the Offer for Sele and is presented on a basis consistent with the accounting policies normally adopted by the Company and its subsidiaries.

Yours taithfully

Arthur Andersen & Co. Hillman, Rind & Co. Chartered Accountants

(b) Letter from Barclays Merchant Bank Limited:

15/16 Gracechurch Street, London EC3V 0BA 9th April, 1981

Intasun Leisure Group public limited company

Dear Sirs, We have reviewed the estimate of profits before texation of Intesun Leisure Group public limited company and its subsidiaries for the year ended 31st March, 1981, as set out in the Offer for Sale dated 9th April, 1981. We have discussed with you the basis on which the estimate of profits before texation was made. We have also considered the letter dated 9th April, 1981, addressed to you from Arthur Andersen & Co. and Hillman, Rind & Co. ate of profits before taxation (for which you are solely responsible) has been made by you after due and careful enquery.

Yours faithfully.

for and on behalf of BARCLAYS MERCHANT BANK LIMITED,

L.J. Scort,

Appendix II: Schedule of Interests in Property

Property/Description/Tenure	Amoual Rent	Occupants
Leisure House, 29/31 Etmheld Road, Bromley, Kent, Offices comprising approximately 11,760 sq. ft. Full repairing lease expiring 28th February, 2003	£56,500 exclusive subject to review in 1983, 1988, 1993, and 1996	South
Land at rear of Leisure House, 29/31 Elmfield Road, Bromley, Kent Cer park composing approximately 1,938 sq. h. Leasehold expiring 12th October, 1984	£350 exclusive	South
First floor, Fairway House, Dartmouth Road, Forest Hill, London SE13 Offices comprising approximately 6,178 sq. ft. Full repairing lease expiring 28th September, 1994	£20,500 exclusive subject to review in 1983 and 1988	Vacant
11 Lawis Grove, Lewishern, London, SE13 Shop and offices comprising approximately 1,233 sq. ft. Full repairing lease expiring 22 January, 1988	£1,750 exclusive subject to review in 1981	South trading as Redgrave Travel
Third Floor, Chelsea House, 26 Market Square, Bromley, Kent. Offices comprising approximately 2,289 sq. ft. Full repaining lease expiring 27th July, 2005	£16,000 exclusive subject to review in 1885, 1990, 1995 and 2000	Intesur and Group
Fourth and fifth floors, 47 Grattan Road, Bradford, Yorkshire, Offices comprising approximately 30,529 sq. ft. Full repairing lease expiring 18th December, 1989	£38,540 exclusive subject to review in 1984	North, Intasun North East Limited and Intasun Midlands Limited
Ground and first floors, Terminal Building, Wood Street, Cardiff. Offices comprising approximately 2,400 sq. ft. Ground floor, leasehold expiring 24th December, 1985. First floor, leasehold expiring 24th December, 1985.	Ground floor £1,330 exclusive First floor £2,500 exclusive	Cambrian
Third floor, 49/53 Northumberland Street, Newcastle-upon-Tyne, Offices comprising approximately 1,876 sq.ft. Leasehold expiring 22 May, 1982.	£1,450 acclusive	Vacent
First floor, Europe House, Bancroft Road, Reigate, Surrey. Offices comprising approximately 5,300 sq. b. Full repairing lease expiring 28th January, 2004.	£26,000 exclusive subject to review in 1984, 1989, 1994 and 1999	Air Europe
Third Boar, Europe House, Bancroft Road, Religate, Surrey. Offices comprising approximately 1,911 sq. ft. Full repairing lease expiring 28th January, 2004.	£11,520 exclusive subject to review in 1984, 1989, 1934 and 1899	Air Europe
Building and land at rear of Europe House, Bancroft Road, Reigans, Surrey. Training school and car park comprising approximately 1,664 sq. ft. Leasehold expiring 23rd June, 1988	£1,500 exclusive subject to review in 1984	Ajr Europe
Land at rear of Europe House, Bancroft Road, Reigate, Surrey. Additional car park comprising 168 sq. ft. Licence agreement expiring 23rd June, 1988.	ESO exclusive	Air Europs
Ground and first Rooms, 50/56 Church Street, Reigate, Surrey, Storage space comprising approximately 620 sq. fr. Tenancy agreement expiring 2nd December, 1981.	£1,500 inclusive of rates and insurance	Air Europe
Gatwick Airport, Gatwick, Sussex Various offices comprising a total of approximately 3,086 sq. fr. Indefinite term subject to 6 months' notice on either side.	23,900 exclusive	Air Eutope .
Manchester International Airport. PrestWidh, Greater Manchester. Offices comprising approximately 219 sq. ft. Indefinite term subject to 5 manths' natice on either side.	£1,075 exclusive	Air Europs
3 Regents Drive, Keston, Kent. Private dwelling house. Freehold.		
	m and service charges.	

Appendix III: Statutory and General Information

1 Shara capital

2,994 8,590

1,391

13,575

22,879

The Company was incorporated on 28th July, 1971 under the Companies Acts 1943 to 1967 with an authorised share capital of £1,000 in shares of £1 each and with the registered number 1019027.

On 25th October, 1972 the authorised share capital was increased to £10,000 by the creation of 9,000 new Ordinary shares of £1 each, 2 shares were issued on the same date, 900 shares were issued on 25th November, 1972, 9,000 shares were issued on 23rd July. 1973 and 8 shares were issued on 6th January, 1975, all fully paid for cash. On 17th July. 1980 the sutherised share capital was increased to £20,000 by the creation of 10,000 r ich were issued credited as fully paid to existing holders of Ordinary shares by way of a capitalisation of

of E Team which was a support of each of the part of cashing and the earliest of the acquisition of 13.564 new Ordinary shares of £1 each which were issued credited as fully part as consideration for the acquisition of shares in North, Intaxun North East Limited, Intaxun Midlands Limited, T.H. Leisure Holidays Limited and Regarant Limited pursuant to an agreement dated 17th July, 1669.

On 17th March, 1961 the authorised share capital was increased to £100.000 by the creation of 68,436 new Ordinary shares of £1 only and 15.750 new Ordinary shares of £1 only and £1 only

shares of £7 each and 16,782 new Ordinary shares of £7 each were issued credited as fully paid to exacting holders of Ordinary shares by way of a capitalisation of retained profits.

Ch 5th April, 1981 86) nest Ordinary shares of £1 each together with the benefit of the capitalisation issue made on 17th March, 1981 of 430 Ordinary shares, were issued credited as fully paid as part of the consideration for the acquisition of the share capital of Airfine Management Associates Limited ("AMA").

By a special resolution passed on 9th April, 1981:

the authorised share capital was increased to £6,000,000 by the creation of \$,500,000 new Ordinary shares of

Li sech:

(ii) each of the 6,000.000 Ordinary shares of £1 each was divided into ten Ordinary shares of 10p each; and

(iii) 51,120.630 new Ordinary shares of 10p each were issued credited as fully paid to existing holders of Ordinary shares by way of expeditation of share premium account.

Articles of Association

• Articles of Association of the Company contain interelia provisions to the following effect:

• Articles of Association of the Company contain interelia provisions to the following effect:

• (A) (1) On a show of hands every member present in person shall have one wore and upon a poll every member present in person or by provy shall have one wore for every share held by him.

• (2) No member shall unless the directors otherwise determine, be entitled to vote at a General Meeting either personally or by brovy or to exercise any other right conferred by membership in relation to meetings of the Company if any cell or other sum presently payable by him to the Company in respect of shares in the Company remains unpaid or if he or any person appearing to be interested in shares held by him has been duly served with a notice under Section 27 of the Company and is in default in supplying to the Company the information thereby required.

(5) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (if any) so as to secure (so far, as regards subsidiaries, by such exercise as they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (which expression in this Article means and includes the Company and its subsidiaries for the time being) and for the time being owing to persons outside the Group shall not at any time without the previous sanction of an Ordinary Resolution of the Company exceeds. sum equal to three times the aggregate of --

sum equal to three times the aggregate of —

(e) the amount paid up or credited as paid up on the share capital of the Company;

the total of the capital and revenue reserves of the Group linchuding any share premium account, capital

redemption reserve fund and credit before on the combined profit and loss account all as shown in the

latest audited consolidated balance sheet of the Group, but after; —

(i) making such adjustments as may be appropriate in reserve fund since the date of such latest

capital or share premium account or capital redemption reserve fund since the date of such latest

audited consolidated balance sheet;

(ii) deducting for the extext included) (a) any amounts distributed or proposed to be distributed (but not

provided in such latest sudited consolidated balance sheet) and the profits included therein (other

than distributions attributable to the Company). (b) any sums set saide for taxtainn, (c) any amount

attributable to outside shareholders in subsidiaries of the Company; (b) any amount attributable to

goodwill or other imangible assets (other than goodwill arising on consolidation) and, (e) any debit

balance on the profit and loss account; and

(bi) making such adjustments (if any) as the Auditors of the Company may consider appropriate.

[2) For the purpose of the foregoing limit "morieys borrowed" shall be deemed to include the following except
in so far as otherwise taken into account (together in each case with any fixed or minimum premium payable or

(a) the principal amount for the time being owing (other than to a member of the Group) in respect of any debenture issued by a member of the Group in whole or in part for cash or otherwise.

(b) the principal amount raised by any member of the Group by acceptances or under any acceptance credit, opened on its behalf by any bank or accepting house other than acceptances relating to the purchase or sale of goods in the ordinary course of trading and outstending for not more than 90 days;

(c) the nominal amount of any share capital and the principal amount of any moneys borrowed (within the meaning of this paragraph (2) excluding this sub-paragraph (ci) or other indebtedness the redemption or repayment of which is guaranteed or secured or is the subject of an indemality given by any member of the Group and the beneficial interest in the redemption or repayment of which is not owned within the Group;

(d) the nominal amount of any share capital (not being equity share capital which as regards capital has rights no more taxourable than those strached to its ordinary share capital which as regards capital has rights no more taxourable than those attached to its ordinary share capital) of any subsidiary of the Contpany owned otherwise than by other members of the Group;

(e) the present value of amounts owing or to become owing by any member of the Group under contracts for the purchase of assets or services (including, without limitation, hire purchase and conditional sale contracts) where the payment of the purchase price is deferred after delivery or performance (otherwise than on normal trade terms); and

nt value of all amounts owing or to become owing by any member of the Group under any financial lease; and for the purposes of sub-paragraph (e) above and this sub-paragraph (f), the expression "financial lease" shall mean any lease of an asset where the whole or substantially the whole of the risks and rewards of ownership of such asset are transferred to the lessee, being a member of the Group, and the "present value" of arrounts owing or to be owing shell be the total of all acrounts payable under the relevant contract or lease discounted at the specified rate per annum (compounded annually in arrear from the due date of

payment thereof) provided that: -(i) if any contract for the purchase or lease of any such assets or services requires the payment of a capital sum by the purchaser or leases in the event of the promoture termination of such contract for any reason (whether described as "stipulated loss value" or other similar equivalent term) determinable in accordance with the provisions of such contract, the capital sum which would be so payable at the time that the present value falls to be calculated shall be deemed to be the present value;

(ii) if the amounts to be owing under any contract with vary according to interest rates falling to be determined in the future, such future rates shall be deemed to be the specified rate; and

the "specified rate" shall be 15 percent, per arrum, unless at the time that the present value falls to be calculated the directors determine and certify that having regard to prevailing inverest rates and other relevant factors such other rate as is specified in their certificate as a proper and fair rate to apply for the

relevant factors such other rate as is specified in their certificate is a proper and rail rails waspury for any foregoing purposes:

[i) amounts borrowed is the purpose of repaying livids or without premium) any moneys borrowed then outstanding and intended to be applied for such purpose within 6 months after the borrowing thereof, pending the application thereof for such purpose within such period;

[ii) the proportion of the excess outside borrowing of a partly owned subsidiary which corresponds to the proportion of its equity share capital owned otherwise than by members of the Group and so that, for this outpose, the expression "excess outside borrowings" shall mean so much of the borrowings of such partly owned subsidiary otherwise than from the members of the Group and so that, for this outpose, the expression "excess outside borrowings" shall mean so much of the borrowings of such partly owned subsidiary otherwise than from the members of the Group as exceeds the amounts (if any) borrowed from it by other members of the Group;

and moneys borrowed expressed in or calculated by reference to a currency other than starting shall be

(if any) borrowed from it by other members of the Group; and moneys borrowed expressed in or calculated by reference to a currency other than sterling shall be translated into sterling by reference to the rate of exchange used for the conversion of such currency in the latest audited balance sheet of the relevant member of the Group or, if the relevant currency was not thereby involved, by reference to the rate of exchange or approximate rate of exchange ruling on such date and determined on such basis as the auditors of the Company may determine or

(C) {1) Save as provided in the Anicles a director shall not vote in respect of any contract or amagement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or otherwise in or through the Company.
 (2) A director shall (in the absance of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters.

(a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility inwhole or in partunder a guarantee

or indemnity or by the giving of security;

any proposal concerning an offer of styres or debentures or other securities of or by the Company or any of
its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the
underwriting or sub-tunderwriting thereof;

(d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he trogether with connected persons within the meening of Section 64 of the Companies Act 1980) is not the holder of or beneficielly interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circums

any proposal concerning the adoption, modification or operation of a superannuation fund retirement benefits Scheme or of any employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation

(D) There is no age limit for directors and Section 185 of the Companies Act 1948 which relates to the apparent re-appointment and retirement of directors attaining the age of seventy does not apply to the Companie.

(E) The directors are unconditionally authorised to allot up to 5 per cent. of the authorised share capital without the authority of the Company in general meeting. The authority will expire on 9th April; 1986 (when't it is renewable) but may be revoked or varied by the Company in general meeting before that date. The provisions of Section 17 (1) of the Companies Act 1998 will not apply to any allotment made under the above authority.

Order for Sale

By an agreement dated 5th April, 1981, Barclays Merchant Bank Limited ("BM8") has agreed, subject to the Council of The Stock Exchange granting permission to deal in all the issued Ordinary shares of the Company in the Unlisted Securities Market not later than 15th April, 1981 or such later date as may be agreed between the directors of the Company and BM8 to purchase 7,745,7400 Ordinary strates of 10e each in the Company from H. Goodman, Hill, S. Mathews, M. Prior, S. Perez, P. G. Woodward, J. W. Smith, J. L. Perez-Lopez, B. M. O'Regan and E. P. Cossey time Vendors' I (pro rate to their existing holdings) at a price per share equal to 1,075p per share below the sale price and to other them for sale to the public, Under this sourcement, the Company will gave fine to BM8 and a few to Sciences Governor. requirings at a price per share equal to 1.0/sp per share below the sale price and to other them for sale to the public. Under this agreement, the Company will pay a fee to BMB and a fee to Grieveson, Grant and Co. and BMB will pay sub-underwriting commissions of 11/4 per cent, on the minimum tender price. The Vendors have agreed that no horther shares will be sold by any of them without the prior consent of BMB before the publication of the preliminary results of the Company for the year ending 31st March, 1982 and that none of them will take an interest in a business competing in any significant respectively the Group's business, as it is at present, before 1st April, 1984. The latter restriction only applies to Hill after 1st April, 1983 for so long as it retains 10 per cent, or more of the Ordinary share capital of the Company and is qualified in relation to certain existing interests of Hill.

Material contracts
 The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company or its subsidiaries since 27th March, 1979 and are or may be material:—

 Credit sale agreement dated 27th March, 1979 between Manubeni Corporation (1) and South, North, Intesun North East Limited, Intasun Midlands Limited, T.H. Leisure Holidays Limited and Cambrian ("the Purchasers") (2) providing for the sale of a Boeing 737 aircraft registered with the mark G-BMHG, a spare engine and equipment for a price of £6.053m payable by half-yearly instalments with interest related to LIBOR over ten years.
 Montgage dated 27th March, 1979 between the Purchasers as defined in (a) (1) and Manubeni Corporation (2) charging the aircraft registered with the mark G-BMHG, a spare argue and equipment as serumly for the amounts due under the credit sale agreement of the same date and joint and several guarantees of the same date by Air Europe Limited and the Company.

 (c) Hire purchase agreement dated 2nd May, 1979 between C toh & Co. Limited ("Loth" (1), South, North, Intasun North East Limited, Intasun Midlands Limited, T.H. Leisura Holidays Limited and Cambrian (the "Hiress") (2), Air Europe Limited (3) and the Company (4) relating to the hire of a Boeing 737 aircraft registered with the mark G-BMOR to the Hires at a hiring price being the sterling equivalent of the amount paid to The Boeing Company ("Boeing") for the purchase of the aircraft (55.292m) and financing charges related to LIBOR payable by quarterly instalments for a term of ten years, with an option for the Hirers to purchase the aircraft for £1 at the end of the term and with joint and several guarantees by Air Europe Limited and the Company.

purchase of the aircraft (55.292m) and financing charges related to LIBOR payable by quarterly instalments for a term of ten years, with an option for the Herrs to purchase the aircraft for £1 at the end of the term and with joint and several guarantizes by Air Europe Limited and the Company.

(d) Hire purchase agreement dated 31st May, 1979 between took (1), the Hirers as defined in (c) (2), Air Europe Limited (3) and the Company (4) relating to the hire of a Boeing 737 aircraft registered with the mark G-BMEC at a hiring price being the sterling equivalent of the amount paid to Boeing for the purchase of the aircraft (15.164m) and finencing charges related to LIBOR payable by quarterly instalments for a term of ten years, and otherwise on similar terms to the agreement dated 2nd May, 1979.

(e) Purchase agreement dated 18th November, 1979 between Boeing (1) and South (2) relating to the acquisition of a Boeing 737 aircraft for delivery in March, 1981 and now registered with the mark G-DDDV.

(f) Lease agreement dated 17th March, 1980 and deed of rectification dated 24th February, 1981 between Onejet Limited (11) and Air Europe Limited (12) relating to the leasing of a Boeing 737 aircraft registered with the mark G-BJEH for an initial term of seven years at a commencing annual rental of £1,292,290 and when the expiry of the initial term for seven years at a commencing annual rental of £1,292,290 and when the expiry of the initial term of seven years at a commencing annual rental of £1,292,290 and when the expiry of the initial term of seven years at a commencing annual rental of £1,292,290 and when the expiry of the initial term of seven years at a nomineal annual rental and thereafter from year to year at a full market rent at the option of Air Europe Limited until March, 2002.

(g) Daed of indemnity and undertaking dated 17th March, 1980 between Air Europe Limited, Cambrian, Flagoraft Limited, North, Intasun Overseas A.G., the Company and T. H. Leisure Holldeys Limited (1) and Seattle-First Natural Best Limi

2501,196 pagest by retrial teach one by querierly resonances over severily call suggester with inverset related to UBOR.

Deeds of assignment and pledge both dated 17th March, 1980 between North (1) and Seafirst (2) and deed of assignment dated 17th March. 1980 between Air Europe Limited (1) and Seafirst (2) providing further security to Seafirst in connection with the loan referred to in (9) above charging the depost referred to in (4) and further deposits

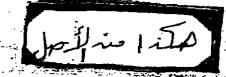
Hire purchase agreement dated 24th March, 1980 between Marubeni Corporation (1) and Air Europe Limited (2) providing for the hire of a Boeing 737 aircraft registered with the mark G-BMSM at a hiring price of £5.857m and francing charges related to LIBOR payable by half-yearly instalments for a term of ten years, with an option for Air Europe Limited to purchase the aircraft for £1 at the end of the term, and with joint and several guarantees by the Limited and Pageraft Limited. T. H. Laisure Holidaya

Company, Soum, North, Camenan, Imasun North east Limited, Intessun Midlands Limited, T. H. Lasure Holidays Limited and Plagorah Limited, and Plagorah Limited and Plagorah Limited and Plagorah Limited and Plagorah Limited (1) and South (2) relating to the acquiration of a Boeing 737 aircraft for delivery in March, 1982 at a price of U.S. \$12,846,000 (15,722,69 at 31st March, 1981).

Agreement dated 17th July, 1980 between the Company (1) and H. Goodman, S. Metthews, M. Prior, S. Perez, P.G. Woodward, J.W. Smith, J.L. Perez-Lopez and Hill (2) providing for the acquiration better Holidays Limited and Flagorah Limited in North, Intasun North East Limited, Imasun Midlands Limited, T.H. Lisiuse Holidays Limited and Flagorah Limited nor alwaydy held by the Company in consideration of the issue of 13,564 Ordinary shared of Clean in the Company in and of all the share capital of Cembrian for £30 cash.

Agreement dated 3rd December, 1980 between H. Goodman, S. Metthews and P.G. Woodward (1), Cambrian (2), the Company (3) and Hill (4) providing for postnonement of repayment of a detail P.G. Woodward (1), Cambrian (2), the Company (3) and Hill (4) providing for postnonement of repayment of a detail (1994, Ordinary Intestin North East Limited, Intestin Midlands Limited, Cambrian, T.H. Leisure Holidays Limited and International Resources and Finance Bank S.A. providing for a loan of 1240,000 to be secured on one Pratt & Whittey Model JT8015 alreading segment dated 11th February, 1981 between Mantheri Corporation and Orient Lessing Netherlands B.V. (1), Cambrian, North, Intestin North East Limited and Intestin Midlands Limited (the "Hierse") (2), and Air Europe Limited (3) providing for the hire of a Boeing 737 aircraft registered with the mark G-DDOV at a hiring pinch of Limited (3) providing for the hire of a Boeing 737 aircraft registered with the mark G-DDOV at a hiring pinch of

b.v. (1), Camorian, Worth, Intastin North East Limited and Intastin Midlands Limited (the "Hierem") (2), and Air Europe Limited (3) providing for the hire of a Boeing 737 aircraft registered with the mark G-DDOV at a hiring parts of 152-25m and financing charges related to LIBOR payable by half-yearly instalments for a term of ten years with amoption for the Hires to extend the term for two years and to purchase the aircraft for £1 at the end of the term and with joint and several guarantees by the Company, South, Intestin Holidays Limited, T. H. Leisure Holidays Limited, Flagoraft Lankted and Air Europe Limited.



A drive towards greater life

Union Assurance Company, one of the money raised by the of the largest composite insur-recent rights issue for this purance groups in the UK, announ- pose. ced the start of a drive to increase its life and pensions business in the 1980s, having the shareholders expect to see overcome administrative probatility. These are two questions are two questions are two questions. lems in the life department through absorbing North British and Northern.

The news aroused little reaction, since the public does not regard the CU, or any major composite, as a big force in the life and pensions sector.

This, however, does not reflect reality. The CU has a life fund with assets over £2bn of which about half is life business in business is an important, if margin on non-life business, minor, part of a composite's Secondly, shareholders' funds

Traditional life business has company reserves. proved a stable profit centre for composites over the years. By its nature it provides steadily rising profits each year, re-

garded as high quality earnings.
Life funds have grown rapidly
since the war with a portfolio spread between gilts, other fixed interest, equities and property. The reserves of the funds are substantial. But the method of determining profit. the province of the actuary, ensures a gradual rise with any fluctuations evened out.

The effect on shareholders varies between companies. Pro-fits from life business are divided between shareholders and the with-profit policy-holders, with the latter getting the lion's share. For most composites, shareholders get 10 per cent of profits from all life

But Phoenix and Eagle Star have different arrangements. Phoenix shareholders get nothing from the with-profits busifrom all other life business. business and 100 per cent of ate boxes.

everything else. The importance of life profits in meeting the current round of. dividend payments is shown in the table. General Accident has the lowest proportion, while Eagle Star has the highest—the company being much more involved, proportionately, in life business than the other composites. But an average over one-quarter of the dividend is covered by life profits.

CU is not the only composite to consider expanding life business. Royal also plans long-term expansion and would be

LAST WEEK the Commercial prepared to use a small part

How does a composite finance life expansion and when can tions that ordinary shareholders

could at least be asking.
Financing life operations
usually costs the shareholder nothing. All organic growth of life business is financed by the reserves generated by the life business itself, that is the policyholders' funds.

There are two reasons for this method of financing. First, the transfer of assets from shareholders to the life the UK. Royal's life fund is from shareholders to the life around the £1bn mark. Life fund would weaken the solvency

are small compared with life

The benefits of life company expansion would be slow to come through to shareholders .simply because of the nature of the business. Expanding life business eats up capital for a Year or so in meeting the ex-penses of the extra business. With most main classes of life business, the first year's premium at least is swallowed up by expenses. The return comes

the later years. So expansion of life business means better profits for shareholders in the distant future. But since the shareholders have not financed the growth they have no cause for complaint.

The Insurance Bill currently going through Parliament, following EEC insurance directives, stops any future composite being set up. As with Continental practice, life and non-life business must be run by separate companies, with a common holding company.

This change as yet does not ness, but 100 per cent of profits affect established composites. But by 1982 Royal will have a Eagle Star shareholders do separate life company subsi-even better. They get 10 per cent of profits from with-profits like the idea of separate corpor-

	Estimated portion of divident
•	from life
Company	profits (%)
Commercial Union	34.2
Eagle Star	· 57.8
General Accident	13.6
Guardian Royal Exchar	ige 29.8
Phoenix Assurance	35.0
Royal	3.6[
un Alliance	26.6
-	-
Aggregate	28.6
Source: Rowe and Pit	

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week, The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

2.50
Commercial Union Assurance, The Saltic Sythange, St. Mary Axe. EC. 12.00
BOARD MEETINGS—

frith Rugby Portland Cement Interjust: British Empire Sect. and Gen. Tst. Giaro
DIVIDEND & INTEREST PAYMENTS—
DIVIDEND & INTEREST PAYMENTS—
Citicors Overseas Finance Corp. Gtd. Fitg.
Rate Notes due 1982 US\$450.25
Clark (Marthew) Zp
Diploma 19
Geffer (A. and J.) 7.69
Grand Metropolitan 3.75p
Jourdan (Tromas) 3.5p
Kershaw (A.) 15.75p. Do. 121:pc BPf.
4.375pc

and Bristol Ch

s Inds.

1 DEND & INTEREST PAYMENTS —
1 American and General 1st. 1.425p
1 Shipley Stig. Bds. Fund Ptg. Red. 0.385p 0.385p

thelyde Regional Council Red. WEDNESDAY, APRIL 15
MPANY MEETINGS—
MYEL, Midway Hotel, Castleton,
hdale, 12.00
(Richard), Waldorf Hotel, Aldwych,
12.00 12.30
Dilves Paper Mill, Charing Cross
Strand, WC, 3.30
BOARD MEETINGS—

Finals:
Angla American lev.
Asthury and Madeley
Barrow Heaburn
Berwick Timpo
Brystol Stadium
Burnah Oil

Vage Fotteries.

DIVIDEND & INTEREST PAYMENTS—
merican Medical Inthi, NV 5½pc SubGid. Cuv. Bds. 1992 24pc
mbtrad Cansumbr. Electronics 1.56p
routhnot Govt. Socurities Tst. Cap. PigRed. Pf. 3.19p (2nd). Do. Inc. PigRed. Pf. 3.19p (2nd).

Communical Union asset, Sky. Fund Db. (serie: AJ Ca42.75 Copenhagen (Clty of) 8-pc 20-year Ev. Ln. 1967 3190 Country and New Town Properties 0.250 Debenhams Db. 22pc Gtd. 5ds. doz 1969 EMI Finance BV 91pc Gtd. 5ds. doz Appe Eloridge Pope Bbs. 34. 34pc Eloridge Pope Bbs. 34. (Telefonakticholaget) (Reg. 1 Do. 75 pc 1985 4 pc 1985 4 pc (Reg. 1 Do. 75 pc 1985 4 pc 1985 4 pc 1985 4 pc 1985 4 pc (Reg. 1 Do. 75 pc 1985 4 pc 1985

DOTT UTO, and the children of the control of the co

Newcaste-spon-Type Supc Cons. Red. 81-83 4-spc Norces Db. 7-spc Norsh Hydro Sape 15-year Extl Ln. 1987 3/spc 37:60 North British Properties In. 47apc Occidental Petroleum Con. 55 cts Opperman Db. 57apc Paterson (R.) 11.5acPf. 2.875ac Paterson (R.) 11.5acPf. 2.875ac Philippines (Rop. ol) Spc Notes due 1983 c or Oats 4J ets rds ApcPid. 1.Apc. Do. 51:pcPid.

1.925pc andvik Aktiebolog 91ppc Bds, 1986 USS95 auf B. F.: Real Estate Inv. Tst. 5 cts chiumberger 25 cts cottish Agricultural Secs. Cpn. 7pcDb, 40.01 Zhou Cities Inv. Tst. Ord. and A Ord. Containers Atlantic \$2.10 Pfd. 52.5 cis tallners promise Filg. Rates promise Contender Filg. Rates promise USAG. 125
Exportkredit (Akriebolager) 15tupc. 155 Option Notes 1985 7 apc ands. Free: 7 upc Gtd. (Notes due ands. Free: 7 upc Gtd.) 1991
Svensk Exporter

Sile-USS Option Notice
1984 3-de. Fre: Fupe Gla. 1984 3-de.
1984 3-de. Spec 86-89 2-de.
Treatury Str. Spec 86-89 2-de.
Trust Nouse Group Finance NV 7-lanc 8ds.
of USS1,000 1985 3-de.
Turin (C. of), 6-de. Stg. Deutsche Mark.
8ds. 1984 3-lanc
Bds. 1984 3-lanc
Volvo Aktiebolaget 9-lanc 8ds. due 15'4-85

103/gePt. 5.375pc

103/gePt. 5.375pc

104-9c Estate 101/pcPf, 5.375pc Mann and Truman Db. 3pc Hampshire Water Ord, B (4.9pc

Max. Imly. 7ec) £10. 2.45pc. Do. 3.5pc (Imly. 5pc) 1.75pc We'limbole; 13pc Red. 1981 6tipe Watthreat 101pc 50s; Foreign Currency Eds. 1399 5tipe Zimbaban (Gov. at) Settlement Terre-Zimhatawa (Gov. a) Settlement Term Annuty 1881-85 227-55. Od. Annutics 122-4 (zag. ripayment) THURSDAY, APRIL 16 COMPANY METINGS— Wennields Lecture. Great Face COMPANY MEETINGS—
Groenfields Lecture. Great Eastern Hotel.
Liverpoor's Street. Ec. 12.00
Rode Intel. 43. Bath Road. Swindon.
Whithre 12.00
Lader Fride Outerwear, Alten House.
Newarier Street. Lectestor 11.45
Scin Data Intill. Chantonbury House.
Church Street. Storngton, West Sussex, 12.00
Sodomick Group 33. Aldgate High Street,
EC., 12.00
Wasterly, Cameron. 23. Blair Street,
Group Bayes, Pedmore House. Ham
Lang Pedmore, Stourbridge 12.30
EOARD MEETINGS—
Evaluation of the Street of the S

BOARD MEETING.
Finals.
G.n. Scottlen Tet
hersden Steart Plant
ionage and Holytood Tet.
Lonuch and Press, Tet.
R ware and Boden
Scottich Mort. and Tet.
Suelleid Breit
Solictors' Law Stationery Soc.
Anterior Rent Al. P.)
DIVIDEND & INTEREST PAYMENTS—
DIVIDEND & INTEREST PAYMENTS—
Ariel Indt. 0.541b
Editation American Assets Tel. 0.89
Editation Indt. 1.747 Fst. 2.39
General Mining Union Corp. 100cts
Gillett Brot. Diarount 10.71b
Granges Akticholdet 6-14.0. 1987 Jsoc
Ladder Price Outsteam Fighters 3.59
Elardo Consulting Engineers 1.59
Ela

M. J. H. Nightingale & Co. Limited

7/28 Lovat Lane London EC3R 8	EB	Te	lephone	01-621	1212
- £000's Company	Last price	Change on week	Gross Div (p)	Yield	P/8
4,163 Airsprung	7.2	÷ 2	4.7	6.5	11.4
1.250 Armitage and Rhodes	50	_	1.4	2.8	20.0
11,670 Bardon Hill	191	+ 1	9.7	5.1	7.2
7,539 Deborah Services	98	_	5.5	5.6	4.9
-3.937. Frank Horsell	105	— ·	5.4	6.1	3.
7,223 Frederick Parker	50	_	1.7	3.4	21.7
1,448 Georgo Blair	63	- 2	3.1	4.6	
2,650 Jackson Group	106	-1 -	6.9	6.5	4.0
16,266 James Burrough	118	_	7.9	6.7	9.7
3,264 Robert Jenkins	320	_	31.3	9.8	
-2,520 Scruttons " A "	52	+ 1	5.3	10.2	3.8
3,215 Tordey	209	- 3	15.1	7.2	3,6
2.404 Twinlock Ord,	112	+ 1	_	_	_
.1,966 Twinlock 15% ULS	72	_	15.0	20.8	_
6,866 Unilock Holdings,	45	- 1	3.0	6.6	6.5
12,779 Walter Alexander,	101	+.1.	. 5,7 .	.5.6	5.6
5,951 W. S. Yeates	355xd	- 5	13.1	5.1	4.6

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than

Terms (years) INTEREST % 122 12: 13 13 132 134 132 132 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Rd., London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI" FFI

is the holding company for ICFC and FCL.

RD GRO

LIMITED

Results 1980

	Year to 22 December 1980 £'000	Yearto 30 December 1979 £°000
Tumover	194,037	207,046
Profit before Tax	13,570	10,734
Tax	(3,750)	(3,046)
Profit after Tax	9,820	7,688
Extraordinary items		
Closure of Patent Shaft	18,000	
Other items	3,699	729
	(21,699)	(729)
	(11,879)	6,959
Release of provision made in 1979	***	
for closure of Patent Shaft	18,000	·
	6,121	6,959
Dividends	(2,102)	(1,645)
Transferred to Reserves	4,019	5,314
Earnings per Ordinary Stock Unit	18.4p	15,2p
Net Dividend per Ordinary Stock Unit	3.7p	3.4 p
Dividend Cover	5.0	4.5
Net Assets per Ordinary Stock Unit	101.1p	98.7p

Notes

1. As forecast, a final dividend of 1.85p is recommended. This makes a total for the year of 3.7p (1979 3.4p).

2. The tax charge includes overseas tax of £1.85 million (1979 £2.38 million).

3. The extraordinary item of £18 million has been charged to meet the anticipated costs arising from the closure of The Patent Shaft Steel Works, which took place early in 1980. A. provision of £18 million was made in the 1979 accounts as a post balance sheet event.

4. The other extraordinary items comprise £5.38 million of closure costs offset by a net book profit of £L68 million on the Scottish Aviation

5. Profits of £448,000 before tax from New York Twist Drill Corporation, acquired in October 1980, have been consolidated.

6. The current cost profit after tax and before extraordinary items is £7.04 million and the current cost earnings per Ordinary Stock-Unit

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orice of FR97 518 and 7,279 000 Relgion francy (F94,349 at 31st March, 1981).

a price of £597,518 and 7,279,000 Belgian francs £54,349 at 31st March, 1981).

Agreement dated 24th February, 1981 between B.M. O'Regan and E.P. Cossey (1) and the Company (2) providing for the acquisition by the Company of the issued share capital of AMA for a consideration of 861 Ordinary shares of £1 each of the Company to be issued credited as fully paid and £517,500 cash.

Agreements dated 24th February, 1981 between Flagoraft Umited (1) and 8.M. O'Regan and E.P. Cossey respectively (2) each providing for the sale by Flagoraft Limited of 10 shares in Onejet Limited for £2,500 cash.

Agreement dated 6th April, 1981 between H. Goodman, S. Matthews, M. Prior, P.G. Woodward, S. Perez, J.W. Smith and J.L. Perez-Lopez (1), Combrian (2), the Company (3), Hill (4) and Close Brothers Limited ("the Bank") (5), providing for the transfor to the Benk of a debt of £994,000 due from Cembrian to the first named parties.

Agreement dated 9th April, 1981 between the Vendors (1), the directors of the Company (2), the Company (3) and BMB (4) referred to in paragraph 3 above.

5 Directors' and substantial interests
Immediately after the Offer for Sale the interests of the directors and their families, all of which are beneficial, in the
Ordinary share capital of the Company will be as follows:

Ordinary shares

-- -- -- -- -- -- -- -- -- -- --S. Matthews
B.M. O'Regan
S. Perez 1,683,000 -- -- -- -- -- -- -- -- -- -- -- --Sir James F. Hill

Hill will be interested immediately after the Offer for Sele in 8,879,700 Ordinary shares, representing 17.2 per cent. of the issued Ordinary share capital. Under material contract (1) in paragraph 4 above the other shareholders agreed to vote for the appointment of a director nominared by Hill for as long as Hill holds more than 10 per cent. of the share capital of the Company, Sir James F. Hill is chairman of and a shareholder in Hill.

M. Prior, a director of a number of the Company's subsidiaries, will be interested immediately after the Offer for Sele In 4,867,950 Ordinary chares representing 9.4 per cent, of the issued Ordinary share capital.

Save as aforesaid, the directors are not aware of any other shareholding which represents more than 5 per cent, of the issued Ordinary share capital of the Company.

B.M. O'Regan and E.P. Cossay are asch instrusied in 50 per cent. of the issued share capital of Onejet Limited.

In addition to the restrictions agreed with BMB referred to in paragraph 3 above, the Vendors have agreed strong themselves that sales of Ordinary shares in the Company by the Vendors will be restricted between the publication of the preliminary results of the Company for the year ending 31st March, 1984 in each year to 30 per cent. of their respective holdings as at 1st April, 1981, unless a committee of the Vendors agrees to the release or variation of such restrictions.

In order to enable J.W. Smith to take up an appointment as managing director of Infastin, South purchased a freshold property for his occupation and has granted to him and his wife the option to purchase such property with related fittings.

in order to station 3.44, admits to take up an experiencial or managing director of purchases at the policy property for his occupation and has granted to him and his wife the option to purchase such property with related littings before 31st December, 1931 for a price oquivalent to the cost to South.

6 Service agreements
On 1st April, 1981 the Company entered into a service agreement with H. Goodman whereby be agreed to serve the Group as chairman of the Company and service agreements with B.M. O'Regan, S. Perez and J.W. Smith whereby each of them agreed to serve the Group as a full-time executive and as a director of the Company for the period of three years from 1st April, 1981 subject in each case to the right of the director to terminate the appointment on or after 1st April 1982 on six months prior notice at the following annual selectes inclusive of directors' fees:—

K. Goodman

B.M. O'Regan

S. Perez

Executive of early chairman of intering

Managing director of trussum

Managing director of trussum £60,000 £35,000

On 1st April, 1981 the Company entered into an agreement with Sternat Services Limited ("Sternat") and S. Matthews' whereby: Sternat agreed to make S. Matthews' services available to the Company as a director of the Company and certain subsidiaries on a part-time non-exclusive basis for the period of three years from 1st April, 1981 subject to the right of Sternat to terminate the agreement on or after 1st April, 1982 on six months prior notice, in consideration of an annual fee

Each agreement provides for an annual review of salary or fee at least in fine with the annual increase in the Index of Retail Prices and restricts the director from accepting employment in a business compating with the business of the Group before 1st April, 1984.

The directors have been advised that following the completion of this Offer for Sale the Company will remain a close prectors have been approximated in the Income and Corporation Taxes Act 1970.

In within the meaning of the Income and Corporation Taxes Act 1970.

Ingrace Under Schedule 16, Finance Act 1972 have been obtained for all relevant companies in the Group in respect of all laperiods completed prior to 31st March, 1981.

It periods completed prior to 31st March, 1981.

financial periods completed prior 1931st mental, 1991.

Pursuant to the agreement referred to in paragraph 3 above, the Vendors have given indemnities to the Company and each of its subsidiaries and EMB in respect of any depletion of the assets of the Company or its subsidiaries by reason of capital transfer tax and estate duty.

(a) Save as disclosed in this document: erve an unaccessor or loan capital of the Company or (save for intra-group transactions) any subaldiary has been issued no smalle or loan capital of the date hereof for each or fore gone deration other than each and no such capital of within two years preceding the date hereof for each or fore gone deration other than each and no such capital of the Company or any subsidiary is now proposed to be issued;

the Company or any supercurity is now proposed to us seeded terms have been granted by the Company or any subsidiary within two years preceding the date hereof in connection with the issue or sale of any part of their respective share or loan capitals, and fill no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or fill no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or

unconditionally to be put under option.

Save as disclosed in this document, there has been no material change in the trading and financial position of the cave as disclosed in this document, there has been no material change in the trading and financial position of the Company and the Group since 31st August, 1990. Following this offer for Sale 8,363,000 Ordinary shares of the Company will remain unusued (representing 13.9 per cent of the Company's authorised chare capital) and no issue of such shares which would effectively after the control of the Company will be made without the prior senction of the Company to General Meeting.

Save as disclosed in this document:

e as disclosed in this document: — no director of the Company has, or has had within two years before the date of this Offer for Sele, any interest in no arrector or one Company mas, or has ned within two years bearts the appointmetitle for Side, any interest in any assets which have been, or which are proposed to be, equired or disposed of by or leased in the Company. there is no contract or arrangement subsisting, or which subsisted within the two years before the date of this

(ii) there is no contract or arrangement substating, or when substate whom one and years pears or nate or the Office for Sala, in which a director of the Company as a whole; and in relation to the business of the Company as a whole; and (iii) these are no contracts of service between any of the directors and the Company are my of its subsidiaries which cannot be determined without payment of compansation (other than statuory compensation) within one year.

the Company, is of material importance, and no fitigation or claim of material importance is known to the direct nst the Company of any of its s The aggregate emoluments of the directors of the Company in the year ended 31st March, 1981 are estimated to have amounted to £185,000 and are estimated to amount to £210,000 in the year ending 31st March, 1982.

The expenses of the Offer for Sale, excluding VAT where applicable, are estimated to amount to £337,000 and are

payable by the Company. The directors of the Company are of the opinion that the Group carries adequate insurance cover for all major risks facing it which would be reasonably expected to be the subject of insurance cover,

Aribur Andersen & Co., Hillman Rind & Co. and Barclays Merchant Bank Limited have given and not withdrawn their

Armore Annuals at Co., Immediating to Co. and paraleys ment point data. In the parale in the following manual respective written consents to the issue of this Offer for Sale with the inclusions herein of their respective reports and for letters and references to them in the form and context in which they respectively appear. The documents attached to the copy of this Offer for Sale delivered to the Registrar of Companies for registration were the written consents referred to in sub-paragraph (i) above, copies of the forms of application, topies of the material contracts referred to in paragraph 4 above, and the statement of Arthur Andersen & Co. and Hillman, Rind & Co. setting out the adjustments made in arriving at the rigures contained in their report (as set out herein) and giving the reaso

9 Decuments for inspection Copies of the following documents may be inspected at the offices of Linklaters & Paines, Bernington House, 59-67 Grasham Street, London EC2V 7.JA, during usual business hours on any weekday (excluding Saturdays and public holidays) for a period of 14 days from the day of publication of this Office for Sale: —

the Memorandum and Articles of Association of the Company:
the sufficed accounts of the Company, and its substitutions used in the preparation of the combined financial
information contained in the Accountants' Report;
the Accountants' Report and the statement of the adjustments made by them for the purposes of their report; the letters relating to the profit estimate set out in Appendix I above; the material contracts referred to in paragraph 4 above; the agreement amongst the Vendors referred to in paragraphs 3 and 5 above;

the service agreements and agreement for services, referred to in paragraph 6 above; and the written consents referred to in paragraph 8 above.

Dated 9th April, 1981.

Procedure for Application

Nications must be for a minimum of 100 shares, for multiples of 100 shares up to 2,000 shares, then for multiples of Applications must be made on the Application Form provided at the minimum tender price of 86p per share or at any Applications must be made on the Application Form provided at the minimum tender price of 86p per share or at any higher price which is a multiple of 1p.

nce which is a multiple of 1p. for Forms in sealed armelopes marked "Intasum" should be posted ao as to be received not leter than n. on Thursday, 16th April, 1981 by Lloyds Bank Limited, Registray's Department, Goring by Sea, Worthing, Application Forms in septet envelopes transport and application of Department, Goring-by-Sea, Worthing, West Sussex, BN12 60A.

Alternatively applications in sealed envelopes marked "Intastin" may be lodged by hand not later than 18,00 a.m. on Thursday, 16th April, 1981 with Lloyds Bank Limited, Registrar's Department, Issue Section, 111 Old Broad Street,

tion list will open at 10,00 a.m. on Thursday, 16th April, 1981 and may be closed at any time then Each application must be accompanied by a separate cheque drawn on a bank or branch thereof in the United Kingdom made payable to Lloyds Bank Limited and crossed "Not Negotiable" in respect of the full application moneys. The right is reserved to present all cheques for payment and retain letters of acceptance and surplus application moneys pending clearance of the successful applicants' cheques. Due completion and delivery of an Application Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation; attention is drawn to the declaration in the Application Form to that effect.

Basis of Acceptance

Applications will be accepted on the following besis:
1. All the shares offered will be sold at the same price ("the sale price") which will not be less than the minimum tender

price of 86p per share.

The price of 86p per share are received for more than the total number of shares offered, the sale price will in principle be the life applications are received for more than the total number of shares offered, the sale price will in principle be the highest price at which sufficient applications (including applications at above that price) are received for the total number of shares offered. Nevertheless, Barchy's Merchant Bank Limited will have regard to the desirability of spreading the shares over a reasonable number of applicants to lacilitate the establishment of a satisfactory market

and accordingly a logier sails price may be fixed.

Up to 300,000 shares will be reserved for applications from employees of the Company and its subsidiaries which will be allocated to them at the sale price. Such applications must be made on the special pink Application Forms provided. Applications at below the sale price will be rejected and, in addition, Barclays Merchant Bank Limited reserves the right, irrespective of the price of application, to reject or to accept in part only any application.

ns are received for less than the total number of shares offered, the sale price will be the minimum terrilar occeptance of applications will be conditional on the grant of permission by the Council of the Stock Exchangato deal in the whole of the issued Ordinary share capital of the Company in the Unitated Securities Market no later than Wednesday, 19th April or such later date as may be agreed between the directors of the Company and Berclays Merchant Bank Limited. The basis of allocation will be notified to The Stock Exchange and to the press as soon as possible after the application list closes. Renounceable Latters of Acceptance will be despatched as soon as practicable thereafter, if any application is not accepted, or is accepted for leaver shares than the number applied for, or is accepted at a lower price than that tendered; the application moneys or the balance thereof, as the case may be.

Arrangements have been made for the registration by the Company of the shares now offered for sale, free of stamp duty, in the names of the persons entitled thereto under the terms of the Letters of Acceptance which will be renounceable up to and including 5th June, 1981. Share cardicates will be despended by first class post at shareholders taken 3rd July, 1981.

Dealings in the Ordinary shares of the Company one expended to commence on Friday, 24th April, 1981.

Coples of this cocurrent may be obtained from:

Barclays Merchant Bank Limited,

Grieveson, Grant and Co. 59 Grashem Street, London 5029-20S

· ··- - . .

Burchays Bank Limited Yorkshire SD1 1NR

APPLICATION FORM

This Application Form when completed should be forwarded, together with a remittance for the full amount payable, in accordance with the Procedure for Application. All cheques are Lable to be presented for payment. No applications declared unless these conditions are fulfilled. Applications must be lodged by 18.00 n.m. on Thursday, 16th A ns must be ladged by 19.00 a.m. on Thursday, 16th April, 1981.

> INTASUN LEISURE GROUP OFFER FOR SALE BY TENDER

by Barclays Merchant Bank Limited of 7,745,100 Ordinary shares of 10p each at a minimum price of 86p per share, the price tendered being payable in full on application.

Number of shares applied for #	Price per share at which application is roade ++	Amount of cheque enclosed ***

Unless the three boxes above are completed in a consistent manner this on may not be volid. * Applications must be for a minimum of 100 shares, for multiples of 100

Applications must be for a minimum of 100 steres, for multiples of 100 shares up to 10,000 shares and for multiples of 1,000 shares the resident.
 The price per share at which application is made must be inserted here and must be 85p or a higher price which is a multiple of 1p.
 The number of shares applied for multiple of the price per share at which application is made.

BARCLAYS MERCHANT BANK LIMITED

PLEASE

orename(s)

1/We enclose a cheque payable to "Lloyds Bank Limited" for the above-memioned sum, being the amount payable on application for the stated number *of the above Onthinky states of 10p such at the price at which this application is made **. I/We irrevocably offer to purchase that number of hares and I /we agree to occept the same or any smaller number of shares in respect of which this application may be accepted upon the terms of the Origin Sale dated 9th April, 1981, and subject to the Memorandum and Articles of Association of the Company and I have waive any right to be notified of the number of shares in respect of which this application is accepted as alonesaid.

I/We hereby authorise you to produte my/our name(s) to be placed on the Register of Members of the Company as the holder(s) of the shares so purchased by me/us the right to which is not effectively remounced.

I/We declare that due completion and delivery of this Application Form, accompanied by a cheque, constitutes a warranty that such cheque will be

Instruction on first presemblion. I/We acknowledge that any Latter of Acceptance and [if appropriate) remittance for any moneys returnable to be sent to me/us is liable to be held pending clearance of any such cherque. I/We hereby authorise you to send to me/us a fully paid Renounceable Letter of Acceptance for the number of shares in respect of which this application is accepted, and/or a cheque for any moneys returnable, by post at my/our risk to the address given below.

FOR OFFICE USE ONLY Acceptance No. 2. Shares applied for

3. Shares allocated

5. Amount payable

4. Amount receives

£ 6. Amount refurned

7. Solit/Registration

Forename(s) (in full) Surname and designation (Mr., Mrs., Miss or title) Address (in full)

ised official who should state his representative capacity, . If this form is signed by an altomey, the power of anomey or a duly certified copy thereof must accompany this For No receipt will be issued for the pay-Signature ment on application, but an actino ledgement will be forwar course through the post, at the risk of the applicantial by fully paid Re-nounceable Letter of Acceptence and/or remittance for any application

AUL JOINT APPLICANTS MUST SIGN. The signature on behalf of a corpora-tion should be that of a duly author-

Address (in full). _Signature Address (in full)

Copies of this Application Form, of the Offer for Sale and of the documents specified therein have been delivered to the Registrar of Companies for registration.

noneys returnáble.

WORLD STOCK MARKETS

Companies and Markets	WORLD STO	CN WARRE	10	I	HONG KONG
-NEW YORK 1981 1981	1981 Stock April 1981 Stock 10 High Low 11 High	12 778 Schiltz Brew J 12 le	CANADA 1981 High Low Stock 10	HOLLAND 1981 April 10 Price High Low Fis	1981 Apr. 10 Price
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S94 4712 Bausch & Lomb 5812 4538 5634 Emerson Elect. 4359 1912 1913 191	25	2014 21 Transwer 2014 21 10 12 12 12 12 13 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 17 12 12 12 12 12 12 12 12 12 12 12 12 12	41 324 Nthn. Telscom 41 251 17 Oakwood Pet 22 3,55 351 Pacific Copper 3,55 951 851 Pacific Copper 45 451 Pacific Copper 251 452 Patino 251 254 21 Power Corp 253 4,60 Quebec Strgn 4,85 121 Reed Stenha A 1858 121 11 Reed Stenha A 35 4,60 40 37 Fig. Macom 1858 121 40 37 Fig. Macom 1859 121 151	1981 April 10 Price Kronor 225 193 AGA 215 172 138 AHS - Laval 172 106 71 ASEA 280 106 76.5 Attas Copco 90	437 391 M bishi Ri Bast. 437 262 186 M H 251 353 310 M tsui Co. 533 689 497 M tsui Ri Est. 575 493 446 M tsukoshi 492 477 433 NGK Insulators. 466 1,300 777 M pon Denso. 1,100 1,040 777 M pon Galdi. 580 605 430 Nippon Meat. 250 1,500 1,250 Nippon Oi. 1,250 1,500 1,250 Nippon Oi. 1,250 1,500 1,250 Nippon Shinpan. 774 196 189 Nippon Sheel 195
215a 17tz Black & Decker. 185a 505z 37 Ex Cell 0	36	25sq 16:s Tyler	32 Rio Algorri	300 256 Soliden 270 172 128 Callulosa 165 105 76.5 Electrolux B 91 148 104 Ericsson 154 150 154 150 154 150 154 150 154 150 154 150 154 150 154 150 154 150 154 150 154 155 158	228: 216 Nippon Suisan
1714	32½ 27½ Lasseway Trans. 32½ 74½ 65½ Procter Gamble. 695 40½ 3078 Levi Strauss	78 65 Union Pacific 7012 754 558 Union Pacific 7012 17 1214 Unid Brands 1412 4 491a 3814 Utd. Energy Res. 4018 4 578 3754 US Fidelity G 4578 1 3954 3254 US Gypsum 3654 1 1051 818 US Inds. 954 1 4158 30 US Shoe. 4012 2 555 256 US Shoe. 4012	355g 321g Toronto Dom Bk. 341g 275g 121g 17ransampipa. 27 131g 115g 17ransampin. Oif A 121g 125g 125	128	694 595 Ricoh
25 32 32 32 33 30 2 34 34 34 34 34 34 34	30% 31% Louisiana Land. 40% 41% 53% Rank Org. ADR 41 50% 23% Louisiana Pac 29 108% 91% Rank Org. ADR 41 50% 23% Louisiana Pac 29 108% 91% Rank Org. ADR 41 50% 135% Louisiana Pac 29 108% 91% Raytheon	4078 36 US Tobacco	GERMANY 1981 Apr. 10 Price High (Low) Dm.	1,190 1,000 Alusulase	599 545 Taisho Pharm
291s 265s (Carnation 291s 143s 121s IGAF 37 IGATX 393s 393s 461s 37 IGATX 393s 393s 393s 393s 393s 393s 393s 393	3012 Mors Hanover 3212 3156 2214 Resort Int A 291	37 2814 Wal-Mart Stores 3653 2458 1519 Warnaco 2458 4914 34 Warner Comms. 4914 2514 20 Warner Lambt. 2218 27 1959 Washington Post 2653 12714 7954 Waste Mangt. 12714 3334 2719 Wels Mkts. 3312 3034 26 Wells Fargo. 2778 46 4812 W. Point Peppl. 4512	74.5 56.5 AEG Telef	285 25;Schindler (Ptuts) 285 732 628;Swissejr	560 470 TOTO 513 472 400 Toyo Selkan. 952 968 724 Toyota Motor. 952 3,180 2,400 Victor 2,960 844 710 Waccal 976 1,040 722 Yamaha 976 640 548 Yamazaki 571 312 272 Yasuda Fire. 308 705 565 Yokogawa Byde. 565
3418 2549 Cessna Aircraft 52/6 34 3014 Gen Foods 331/2 2574 11/2 Champ HomeBid 258 10034 75 Gen Instrument 10054 278 Champ Sp Piug 11 258 278 Champ Sp Piug 11 256 251/2 266 267	151e 135e Mass Multi Corp. 151e 62 463e Rohm & Haas. 687 103e 63e Mattel. 9 223e 171e Rollins. 211 235e 237e May Dept Strs. 291e 465e 365e Rohm & Haas. 687 285e 16 May Dept Strs. 291e 465e 365e Rohm & Haas. 687 285e 16 May Dept Strs. 286e 125e 101e Roper Corp. 123e 143e 121e 165e 125e 175e Royal Crown. 14 403e 343e McDe.mott (JR) 363e 491e 371e Royal Dutch. 371e 371	383 35 Westrn Bancorp. 377a 572 457a Westn. Nth. Amr. 52 457a Westnace	302 257 Dalmier Benz	3,635 3,100 Union Bank	1981 Apr. 10 Price Rand
405e 2814 Cincinnati Mill	4514 3514 McGraw Edison 4514 3552 2573 Ryder System 3514 4618 3593 McGraw Hill 4114 3504 2514	48 48 285e Whittaker	123.5; 111.3 Hoechst 123.5; 27.8 21.5 Hoesch 26.2 425 365.5 Holtzmann (P) 425 150.0 132.5 Holtzmann (P) 425 150.0 132.5 Horten 235 204 177.5 Karstadt 196 184.5; 156.0 Karstadt 174.5 150.0 170.5 KHD 176.5 52 42.0 Kloeckner 76.0 51 Krupp 773 317.0 297.0; Linde 510.5	1.95	5.70; 4.85 CNA Invests
58 44 Continds	507g 477g Meredith	2014 1478 (Zenith Radio	74.8 57.0 Utthansa 74.8 180 163.5 MAN 178 139.7 122.0 Mannesman 179.7 267 220.0 Mercedes Hig 267 332 309.0 Metaligasei 332 698 610.0 Muench Ruck 665	2.05 1.43 Bivrile Copper 1.63 3.25 2.90 Brambles Inds 3.05 8.08 5.40 Bridge Oil 8.00 16.75 12.25 BHP 15.69x 0.40 0.27 Brunswick Oil 0.30 7.00 4.12 CRA. 4.68	3.45 2.85 Protea Hidgs
NEW YORK —DOW JONES Apr. Apr. Apr. Apr. Apr. Apr. Apr. Apr.	Apr. Apr. Apr. Apr. 1981	AUSTRIA 1981 Apr. 10 Price High Low %	143 125.0 Preussag 142.6 181 162.8 Rhein West Elect 170 312 287.0 Rosenthal 310 260 219.6 Schering 260 269.0 244.6 Slemens 258 77.0 62.0 Thyssen 75	7.50 6.00 CSR 7.20 3.02 1.90 Cariton & Utd. 3.02 3.85 3.45 Castlemaine Tys. 3.72 0.70 0.48 Cluff Oil (Aust) 0.52 0.46 0.30 Do. Opts 0.32 1.85 1.35 Cockburn Cemt 1.77	2.45; 1.65 Sorec
10 9 8 7 6 3 High Low	10 9 8 7High Low AUSTRALIA All Ord. (1/1/80) 751.8 726.3 722.3 731.5 757.3 (6/6) 641.1 (17/2(Metal & Minria. (1/1/80) 632.7 650.2 627.2 648.5 755.2 (7/1) 554.9 (3/5)	336 336 Creditanstait	185.5 161.5 Verts	2.65 2.30 Coles (G.I.) 2.57 6.00 5.00 Comsico 5.5 8.50 6.20 Gons Gold 6.20 6.20 3.15 Containers 6.20 4.70 3.05 Constain 4.00	(Discount of 281%) BRAZIL 1981 April 10 Price
Transport 446.23 445.44 455.02 454.83 452.10 458.71 (16/1) 5(8/4) (20/2) (10/4/87) (8/7/52) Utilities 107.53 108.15 103.84 109.18 108.95 109.45 117.81 106.41 165.82 10.5 (28/4/88) (28/4/88) (28/4/88) (28/4/88) (28/4/88) (28/4/88) (28/4/88)	AUSTRIA Gredit Aktien (2/1/82) 81,80 \$1.64 61,81 67,88 66,45 (6/1) 61,64 (8/4) BELGIUM Belgian SE (51/12/86) 81,85 82,28 82,54 82,47 88,15 (17/2) 21,85 (10/4)	BELGIUM/LUXEMBOURG	FRANCE	7.50 5.10 Crusader oil	1.05 0.76 Acesita 0.80 3.36 1.57 1.40 Barno Itau 1.55
000°sf 58,180 59,520 48,000 44,640 43,198 48,520 — — — — — — — — — — — — — — — — — — —	DENMARK Gopenhagen SE (1/1/78) 168.82 185.40 188.92 108.89 109.25 (6/4) 85.88 (2/1) FRANCE GAC General (28/12/81) 189.7 109.5 188.8 107.9 112.5 (17/6) 105.1 (28/1)	1981 Apr. 10 Price Fls. 1348 1040 ARBED	1981 Apr. 10 Price Frs. 3,925 2,351 Emprunt 4/3,1978 2,331 10,950 7,050 Emprunt 73, 1978 7,050 5,2891 2,890 CRE 73 1978 7,950	9.80 7.80 [Hartogen Energy 9.60 1.90 1.30 Hooker 1.36 2.60 2.10 IG Aust 2.25 1.50 1.20 Jennings 1.45 1.30 0.82 Limberians 25c. 0.94	2.96: 2.12 Patrobras PP
Ind. div. yield % Apr. 3 Mar. 27 Mar. 20 Year ago (approx 5.50 5.57 5.58 6.30	Ind Tendanoa (51/12/60) 162.4 182.5 101.7 101.2 108.8 (15/5) 95.4 (27/1) GERMANY FAZ-Aktien (51/12/68) 252.44 251.95 250.56 228.09 282.4 (18/4) 215.88 (9/2) Commerciank(Dec.)955 717.2 716.20 711.6 704.5 717.2 (18/4) 568.4 (18/2)	6000 5000 8ang Ind A Lux 5,000 1450 1210 8ekaert B. 1,330 970 900 Cimert CRR 952 145 Cockeriii 171 1800 1570 RBES 1,640 8380 2870 Electrobel 2,955 2300 1350 Fabrique Nat 1,625	5209 2,000 the 15 2,000 1,000	1.60 1.40 Jones (D)	TEL AVIV
STANDARD AND POORS Apr. April Apr. Apr. Apr. Apr. Apr. 1981 Since Cmpli't n 10 9 8 7 6 8 7 High Low High Low High Low 2 2 2 2 2 2 2 2 2	HOLLAND ANP-CBS General (1970) 88.6 89.9 89.1 88.8 90.5 (29/2) 85.7 (2/7) ANP-CBS Indust. (1970) 88.4 58.0 88.4 88.4 58.4 (10/4) 82.8 (2/7)	2060 1940 GB-Inno	469.0f 890.0 BIC 440 194.0 156.5 Banq' Rothschild 180.1 705.0 537.0 Bouygues 1,067 1,233 982.0 BSN Gervals 1,067 1,791 1,601 Carrefour 1,775 441.0 866.0 Glub Meditar 429.5	0,56 0,37 Monarch Pet 0,37 1,96 1,54 Myer Emp 1,98 3,02 2,65 Nat Bank	Company April 12 on the 1981 week Banking, Insurance and Finance Bank Leumi 954 + 20.0 IDB Bankholding 1.339 + 36.0
Composite 134,51 134,67 134,51 155,91 155,95 165,48 158,12 126,58 149,52 4,40) April 6 Apr. 1 Mar. 25 Year ago (approx	HONG KONG Hang Seng Bank (\$1/7/\$4) 1556.66 1525.05 1547.14 1589.88 1556.82 (4/2) 1295.44 (11/8 ITALY Banca Comm. Ital (1872) 247.69 248.89 247.59 248.25 252.88 (6/4) 175.56 (8/1)	5000 4600 Kredietbank 4 600	418.5 609.1 (GSF (Thomson) 389.5 385.0 350.0 (CSF (Thomson) 369.5 385.0 320.0 CSF (Stomson) 368.3 380.0 256.6 CSF (GSF EAUX	4.15 3.00 North Bkn Hill 5.15 2.70 2.05 Cakbridge 270 1.45 0.90 Otter Expl 1.00 11.90 9.50 Pancon 10.60 0.39 0.18 Pan Pacific 0.19	Bank Hapoelim Br 1,775 + 77.0 Union Bank Israel Br
Ind. div. yield 2 4.55 4.47 4.44 5.74 Ind. P/E Ratio 9.46 9.64 9.63 7.14	JAPAN Dow Average (18/6/49) Tokyo New SE (4/1/68) J517. \$1,7491.92 7588.52 7458.28 7517.5 (18/4) J68.38 546.25 544.62 558.71 546.83 (10/4) JOHNAN	1,290'1,090 Soc Gen Belge 1.118 3,040'8,560 Sofina	154.0 138.5 Coffmeg 138.9 203.5 199.0 CCF 209 90.5 91.1 63.2 Creusot-Loire 90.5 245.2 205.0 CFP 216.5 34.6 30.0 DNEL 33.3	1.95 1.31 Sleigh (H.C.) 1.84 0.70 0.40 Southland M'n'a 0.70	I serior I serior Mort. Bank Br
Long Gov. Bond Yield 13.94 12.46 12.65 11.64 N.Y.S.E. ALL COMMON Apr. 10 Apr. 8	NORWAY ORIO SE (1/1/72) 119.9 129.68 118.57 118.41 124.18 (5/6) 146.22 (15/2 SINGAPORE STRIKE TIMES (1569) 821.78 828.93 820.82 851.75 858.82 (6/4) 859.52 (2/1)	764 666 Union Miniere 736 1,128 980 Vieille Mont 1,080	990.0 835.0 Dumez	0.80 0.45 Spargos Expl 0.57 2.70 2.22 Thos Natwide 2.67 2.80 2.30 Tooth 2.71 4.05 3.10 UMAL Cons 3.75 0.32 0.55 UMAL Consett 0.62	Property and Building 970 + 60.0 Public Utility Israel Electric Corp. 881 4-165.0 Investment Companies Bank Laurel Investment Companies
10 9 8 7 High Low Rises	SOUTH AFRICA Gold (1958) 525 4 548.0 839.0 559.5 797.5 (7/1) 551.5 (8/5) Industrial (1958) 615.7 520.2 618.5 522.2 622.4 (8/4) 557.2 (5/2) SPAIN Medical SE (18/19/80) 112.45 119.56 119.56 119.56 (17/2) 100.66 (8/1)	1981 Apr. 10 Price	667 590.0i. Oreal 650 1,685, 1,474 Legrand 1,480 60.3 50.5 Macrines Bull 56 2,290 1,846 Matra 2,250 818.0 608 Mohelin B 785 544.0 455 Most-Hennessy 479	2.10 1.83 Wootworths 2.04	Claim Israel Invest. 1.740 + 75.0 Discount Invest. 835 + 135.0 Commercial and Industrial Alliance Tire & Bubba 2 412
MONTREAL Apr. Apr. Apr. Apr. High Low Industrials 595.53 397.21 395.26 595.02 599.55 (10/4) 556.26 (20/2)	Madrid SE (58/19/80) 112.46 112.50 112.45 112.55 114.25 (17/2) 100.46 (2/1) SWEDEN Jacobson & P. (1/1/58) 484.9 485.55 480.58 475.68 455.61 (25/5) 494.17 (20/1) SWITZERLAND	127.6 113.4 Danske Bank 113.4 134.6 110.2 Feet Aslatic 132	64.0 60.6 Moulinex	1981 April 10 Price	Eico Br. 680 + 78.0 Argaman Textile Br. 437 + 77.0 "Ata" Textile "B" 482 + 153.0 Amer. Israeli Por Mills 1,500 +175.0 Assis 807 +112.0 Eilte 1,430 +190.0
TORONTO Composite 2379.8 2365.9 2568.4 2548.7 2678.8 (19/6) 2161.4 (20/2)	Swiss BankCpn, (61/12,66) 506.9 506.9 502.9 501.2 504.2 (2/4) 297.8 (15/2) WORLD Capital Intl. (1/1/79) — 155.2 156.8 157.4 182.8 (6/1) 149.8 (17/2)	191.4 150.6 Finansbanken 164.6 396.0 310.0 Forende Brygg 341 290.0 240.0 Forende Brygg 341 290.0 184.4 GNT Hidg 207 180.0 149.6 Nord Kabel 165	176.51 162.0/Perrier	9.50 6.60 Boustead Bhd. 8.50 6.35 6.42 Cold Storage 5.00 8.90 6.360 BS 8.25 6.45 5.25 Fraser & Neste 6.15	Fuel and Oil
Change Ch	Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed	995 (580.0 Novo Ind. 995 105.0 100.0 Papirisbrikker 102 185.6 120.4 Privatbankenk 120 157.0 122 Provinsbanken 122 312.0 229.2 Smidth (FL) 295 689.6 557.0 S. Berendsen 559.6 1584; 120.6 Superfox 128.4	95.0 76.1 Rhone-Poulenc 86 120.5 177.2 Roussel-Uciaf 186 143.5 125.85 Cobain 158.5 640.0 501 Skis Rossignol 501 392.0 295.0 Suez 540 1,232 1,035 Telemenh Elect 1,095 226.3 210.1 Thomson-Brandt 216	4.05; 3.45 Incheape Shd 3.85 9.90; 4.65 Malay Banking 9.00	NOTES Prices on this page are as quoted on the individual exchanges and are less thinked prices. \$ Deslings suspended, so is dividual, we be sorth issue. In Ex rights, we be all.

INTERNATIONAL CAPITAL MARKETS

CREDITS

BY PETER MONTAGNON Delfim recovers his poise

This was the clear message

borrowing requirement.

Funds have been flowing into Development Bank meeting in managers for the latest \$300m received offers already of funds

ing higher while those for Planning Minister, revealed that cent of the loan in the market— of 2 per cent over U.S. prime foreign borrowing, did not Brazil could now edge lower. Brazil had already raised \$4.4bn that many bankers now see some or 21 over London inter-bank attend the meeting. Brazil could now edge lower. Brazil had already raised \$4.4bn that many bankers now see some or 2; over London inter-bank for the first time in more than of this year's \$13bn to \$15bn leeway for an easing of borrow- offered rate. ing terms.

from last week's Inter-American Brazil so fast this year-lead Itaipu, is understood to have

INTERNATIONAL BONDS

BY FRANCIS GHILES

A difficult market to read

ing for many participants in the international bond markets, particularly in the dollar sec-tor, where trading activity is still running at a low level. Interest rates in the U.S. re-

main very volatile and are rising slightly on balance. Trying to read the trends is not easy and currency movements are of no help at present in providing a guide to the short-term future. Frustration was increased by

the U.S. Federal Reserve's behaviour which resulted in sharp losses in the New York bond market on Monday, much of which were recouped the follow-ing day. Monday's falls followed Wall Street's discovery that it had badly misread the Federal Reserve Board's credit policy

For some weeks financial markets in New York and in other parts of the world had assumed that the Fed was pre-pared to allow a slight easing of coupon of 9 per cent on that pared to allow a slight easing of credit. Unfortunately, their discovery that this was the case coincided with a large volume of new hond issues. Unsold bonds had to be financed at sharply higher rates.

The Eurobond market fol- for the U.S. company Petro-lows New York closely these Lewis. days, but it suffered less from last week's events in New York because the overhang of new paper is much smaller. New issues have been offered at their initial in reasonable yield levels recently and attracted good sup-

Some issues did suffer, however, notably the Alcoa of quickly fell to a discount in Australia bonds, which was cut pre-market trading as some \$20m to \$30m and where the price was set at 92, 21 to 3 points below the earlier The fact that the next issue

Other issues on offer went well, such as the Yankee con-Norges Kommunal, also had an vertible for Hitachi, which was adverse effect.

Denmark 137 due 2005 137 Treasory 13%% due 2004-8 YIELDS TO REDEMPTION

that the volume of new issues likely to continue, as the rate is steady: two floaters were of inflation in launched, including that rarity, accelerated by 0.3 a floating rate note for a prime February to an ar borrower, Midland Bank. A private investors but it has been unclear to what extent this was succeeding. Five convertibles were launched, including the first ever nil-linked Eurobond.

This issue attracted support on May 10. but some investors found the technical details too compli-cated and declined to follow their initial interest with any

pre-market trading as some investors turned out to be cool about the name of the borrower. on April 21, is for one of the market's favourite borrowers,

Secondary market prices coupons on new issues are ever building bond, for Den. AAA Utdity 15.00 14.75

Switzerland accelerated by 0.3 per cent in February to an annual rate of 6.3 per cent. Both the World Bank and a good U.S. corporate name such as Genstar are now issue was designed to attract having to pay 7 per cent for nine- to ten-year money.

> The FFr 250m issue for Bank of America is closing early today because of good support This is likely to be the last French franc Eurobond issue before the presidential election

Mexican borrowers remain very active. While a \$100m Yankee issue for Mexico was delayed last week, partly be-In Germany, the second issue Nacional Financiera issued in the April calendar was a \$40m of its initial commercial DM 100m bond for Finland. It paper borrowing of \$200m. Nacional Financiera issued

In London the Mexican state oil company, Pemex, became the first borrower from the Third World to tap the domestic sterling market. It did so on terms which were rather generous and which attracted good support. The yield offered on this issue is 35 basis points increased by a third to \$150m. In the Swiss franc sector, above that offered on the first

But Prof. Delfim, in an inter-The hydroelectric concern, view with the Financial Times, and its Western government was clearly anxious not to force the market. Besides a clear, improvement in Brazil's external trade account, one of the main factors stimulating the flow of

funds into Brazil this year has been the high level of margins. Too sharp a reduction in margins now could quickly undermine the new found confidence in the banking community about lending to Brazil, which remains the world's most heavily

indebted nation.

On Argentina, bankers attending the Madrid meeting said they doubted whether the emergency package of economic measures introduced by the new Government on April 1 was sufficient to prevent a rise in margins that has been on the cards for some months.

The precariousness of the domestic economy and the poor showing of the balance of pay-ments are too great to ignore, they said, adding that a marketable rate for Argentina would involve spreads at least of a point higher than their present split level of ?-? per cent over

Another major talking point in Madrid was Venezuela, which continues to irritate bankers by refusing to clarify its borrowing intentions.

It proved impossible in Madrid to clarify market rumours that Venezuela may launch a \$3bn credit later this year, and bankers said that they were disappointed that Sr.

lic sector borrowers are head. Anionio Delfim Netto, Brazil's CVRD were able to sell 50 per Brazilian borrowers, a margin Ministry official responsible for

In Europe, bankers were encouraged by news that Poland creditors expect to conclude a rescheduling agreement by April 27. This should speed progress in their own rescheduling talks expected to resume in London on Thursday.

Banks have been meeting in national groups ahead of this meeting to review their posi-tion. While the response to Poland's request to defer repayment of loans falling due before June 30 has been generally favourable, some banks are less willing to treat interbank deposits in the same way.

Hungary's \$400m credit has been oversubscribed at the management level and is expected to enter syndication after Easter. Initial response to the deal was slightly muted because of tensions in Poland.

Citicorp is leading a \$100m. 10-year deal for Spain's tele-communications agency, Telefonica. Margins have been set at 3 per cent over Libor for the first two years, rising to 1 per cent thereafter.

Meanwhile, the State financing agency, INI, is understood to be seeking a flat margin of \$350m credit to satisfy financing needs of five of its major subsidiaties.

A mandate for the eight-year credit will be formally awarded this week. It is expected to embody a four-year grace period and will be put into general syndication despite the rather

				_			Offer
Borrowers	Amount m_	Maturity	Av. Life years	Coupon %	Price	Lead manager	yield %
U.S. DOLLARS							
††United Mexican State	s 700	1988	7			Morgan Stanley	
‡††§Hitachi	150	1996	11}	5 2	100	Morgan Stanley	5.750
Toronto Dominion Ba	ank 50	1984	3	14	160	Mercill Lynch	14.000
İAlcoa of Australia	30	1991	7.9	13∔	92	CSFB	15.100
‡§Hanson Ov. Fin. BV Community Psychiat	ŽŠ ric	1996	15	9}	100	CSFB	9.500
Centres Petro-Lewis Intni.	15	1996	15	81	700	Merrill Lynch Blyth Eastman Paine	8,750
Fin. NV	30	1986	5	71-8	. 100	Webber	
†Banco de Chile	30	1986	5	6 <u>7</u> 4	100	Daiwa Securities	6.348¢
†Midiand Intni. Fin. Servs. BV	350	1991	3 10	9 4	700	Samuel Montagu EBC, CSFB	9.203
					100	CSFB	7.2454
§Lifemark Corp. §CSWI Intol. Fin. NV	25 20	1996 1996	15 15	8 <u>2</u> 9 <u>1</u> 9	100	Shearson Loeb Rhodes,	
§Apache Intol. NV	30	1996	15	8}-9	100	Kleinwort Benson E. F. Hutton	9.000
D-MARKS	1					 	
‡Council of Europe	100	1991	2	18	700	BHF Bank	10.000
Finland	700	1989	<u>'8</u>	10	160	Dresdner Bank	70.000
FRENCH FRANCS						D-M D A	
BankAmerica Ov. Fil Co, NV	n. 250	1986	5	14}	100	Paribas, B of A, Caisse des Depots	14.500
SWISS FRANCS							
‡ECSC	80	1991	_	63	100 }	UBS	6.680
f**§Nippon Valqua Inds. Oesterreichische	20	1986	_	41	100	Sanca del Gottardo Wirtschafts-und	4.750
Kontrbk.	100	1993	-	<u>7</u>	100	Privatbank	7.000
World Bank †Autopistas	700	. 1990		7	100	5BC	7.000
Vasco-Aragonesa	30	1988/9	ı -	7,ф	100	Banque Gutzwiller	7.381¢
‡**§Best Denki	40	1986		<u>4</u> ‡	100	Credit Suisse	4.750
Genstar	100	1991		7	100	Credit Suisse	7.000
STERLING Pernex	- 50	2006	·	74}	96}	Lloyds Bank Intol.	15.003
GUILDERS							
‡**Nederlandse						Nederlandse	146-4
Credietbank	40	1986	5	114	100	Credietbank	11.250
†IADB	-60	1991		114	100	ABN, AmRo	11.750
YEN Asian Development			•				
Bank ECU	15bn	1991	8.43	8	*	Daiwa Securities	•
SOFTE (g'teed) STET	35	1987	5.4	ī3	160	Kredietbank Intni.	13.000
†ENEL (g'teed Italy) †Pechiney Ugine	100	1986/9	5	5Ф	100	Dillon Read Ov. Corp. Indo-Suey, Kredietbank	

CURRENT INTERNATIONAL BOND ISSUES

U.S. BONDS

Dealers brace themselves for the worst

HIGHLY volatile U.S. interest even steeper climbing in coming days.

U.S. INTEREST	•	
	Week to April 10	Week to April 3
Fed Funds		
weekly everage 3-month	15.40	15.00
Treasury bilis	13.63	13.50
3-month CD		13.76
30-year		
Treesury bonds		12.75
AAA Utdity	. 15.00	14.75

The latest money supply the weeks ahead. figures showed an unexpected Coupled with the broader bulg of \$3.2bn, further fuel-concern, additional pressure on bulgt of \$3.2bn, further fuelling fears of substantial M1-B
growth this month and in May.

from heavy intermediate and
Economic data to be released lengthern because of length Economic data to be released this week, including retail from the Government and the around 13 per cent—the record climate of rising rates.

After badly misreading the sales, industrial production, new rates marched up the hill all Federal Reserve's credit policy housing starts and personal week and looked set to do some aims in recent weeks, the marincome. is expected on the aims in recent weeks, the mar- income, is expected on the

long-term borrowing demands bond, which is again hovering ever short, in the present

to squeeze even further over

Indeed, the corporate bond market was once again one of ket is now bracing itself to the whole to show that the U.S. the big casualties last week as strong possibility that some of economy is still resilient. All \$1.1bn of new issues were moved its worst fears, especially in this could prompt the Fed, from the actual calendar on to in yields in coming weeks. volving monetary growths. Fed which has been adopting a the shadow calendar. Originally policy, the economy and general firmer credit posture than the about \$5bn of corporate offer-pressures on credit, with shortly market had originally expected, ings were slated for April, but for the most part they have now been postponed.

when interest rates hit a peak. And despite the sharp drop in bond prices last week, the market expects further increases

At the short end of the market, interest rates are also expected to continue to rise. For the corporate bond mar-

The slide in bond prices this ket this is bad news. It is

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR		· Change on
	Jesued	Bid Offer day weak Yield
Amer. Air 15% 88 (WW)		897 897 -04 +04 15.36
		954 954 0 -04 14.29
Ameco 131 88		224 224 0 -62 14/56
CIBC 141, 84		59°, 100 +0°, 0 14.59
CNE 124 91	100	51½ 92½ 0 -1 14.29
Citizorp O/S Fin. 10 86	300	844 854 +04 -04 14.23
Citicorp O/S Fin. 12 87		907 913 +04 -04 14.12
Con Illinois O/S 9% 86		833 837 +01 -1 14.39
		. DE1 DE
Dupont Canada 131, 91		
EEC 11 95 (May)		814 824 +04 -04 14.00
EEC 11 95 (August)		785, 797, -14, -14, 14,49
EIS 131 PO:	100	962 974 +04 -04 14.34
Ethorado 134 86	50	951 954 0 -04 14.61
Elec. de France 10 88	125	81% 824 +0% -1 14.14
Elec. de France 13 88		947, 947, 0 -17, 14.25
Funcial Day Cont Ol 28	150	877 833 0 -63 14 50
Export Dv. Cpn. 91, 86	50	83' 83' 0 -0' 14.50 93' 93' 0 -0' 14.77
Fed. 8s. D. 124 85 (N)		864 864 -04 -04 15.04
Fin. Exp. Credit 10° 85	50	
Finland, Rep. of 912 86	100	82 824 +04 -04 14.81
Ford Credit 0/5 14% 83	150	987 994 - 01 - 01 14.94
Ford Cr. O/S Fin. 16 64	150	1024 103 -04 -04 14.69
Gaz de France 131, 86	80	97% 98% 0 -0% 14.09
GMAC 0/8 Fin 12 87	100	89 89 0 -04 14.63
GMAC 0/8 Fin. 12% 88		915 92 -05 -05 14.85
	100	BB 891 +01 -03 14.45
Gen. Mtrs. D/S 11% 27	50	974 98 +04 +04 15 20
Genetar 14% 97		
GTE: Fin. 13% 86 (WW)	<u>50</u> .	
Hudson's Bay 1112 90	. 75	
IRM Wid. Trade 12's 88		
Newfoundland 131, 90 .	· 60	954 957 +04 -1 14.38
Nova Scotta 10% 90	50	814 814 -01 -1 14.47
OKB 10 85	·50 ·	874 874 -04 -04 14.05
Ontario Hydro 134 91	100	354 354 -04 -14 14.86
Quebec Hydro 111, 92.	100	84 844 -04 -14 14.38
Oueb Hy. 13 91 (WW)	100	921, 925 -05 -11, 14.48
Roylease 114 85	50	901, 902, 0 -01, 14.39
	50	951, 951, +01, -01, 13.86
SNCF 12% 85		831 831 - GL - GL 14.27
SNCF 13 91	75	97 97 0 +0 14.62
Sth. California Ed. 14 87	50	
Sven Handelabk 13% 88	46	
Sweden 123, 85	150	823, 944, 0 -15, 14.27
Swed Ex. Credit 12 83	50	847, 954 +04 +04 14.51
Swed. Ex. Credit 13 86	75	941, 941 +04 -03 14.63
Tribune 0/8 Fin. 14 86	50	98 982 0 -02 14.50
World Bank 94 85	200	867 877 +04 -05 13.99
NG 11 61 101 97	700	847 85 +04 -1 14.08
America orica chica	. en	n day 0 on week -0%
MACHEN DE MACHENIA	,	Change on
DEUTSCHE MARK	lan-sad	Bid Offer day week Yald
STRAIGHTS	192000	ant att. A A 481

DEUTSCHE MARK
STRAIGHTS

Asia Dev. Bk. 8½ 90... 100
Austrain 8½ 90... 250
Austria. Rap of 8½ 32 150
CECA 7½ 92 ... 150
CECA 10 91 ... 200
CIL-Honoywell 8½ 90 ... 125
CIB 8½ 90 ... 200
CEG 10½ 31 ... 200
CEG 10½ 31 ... 200
CEG 10½ 31 ... 100
CEG 10½ 32 ... 100

SWISS FRANC STRAIGHTS Issued Austria, Rep. of 5% 90 100 BFCE 67: 91 100 BFCE 67: 91 100 STRAIGHTS
Austria, Rap. of 5-, 90
BFCE 61, 91
Bayer Int. Fin. 5-, 92
Bergen. City of 6 90
Bergen. City of 6 90
Buhrm'n. Tetterode 7 90
Coporhagen Tale 5-, 90
Denmark 5-, 90
Bergen. City of 6 90
Bergen. City of 6 90
Buhrm'n. Tetterode 7 90
Bollet. de France 5-, 90
Eurofima 5-, 90
Buhrm Fallet. General 90
Buhrm S-, 90
Buhrm. Blanc. Dev 7 90
Jagan Dev. Bank 5-, 90
Bollet. Blanc. Tunnel 5-, 90
Buhrm. Blanc. Tunnel 5-, 90
Buhrm. Blanc. Tunnel 5-, 90
Bollet. City of 6-, 90
Newag 5-, 90
Dollet. City of 6-, 90
Philips Lamps 5-, 90
Ooslo, City of 5-, 90
Philips Lamps 5-, 90
Vocat-Alpine 5-, 90
World Bank 6 91

World Bank 6 91

World Bank 6 91

Ooslo Charage price changes. ted Bid Offer day v
0 93% 94% 0
0 87% 88% +0%
0 87% 88% +0%
0 92% 94% 0
0 92% 93% +0%
0 87% 88% -0%
5 99% 98% 0

YEN STRAIGHTS 330
Australis 61, 28 30
Australis 61, 28 20
E18 71, 29 72
Finland 5.8 83 10
Finland 6.3 88 10
Finland 8.3
Mt. 8h. Onmk. 9 91 EUA SOFTE 8's 88 EUA 1J. 8k. Nrwy. 9's 90 EUA Algemene 8k. 10's 85 FI 8k. Mees & H. 10 85 FI Heinefen NV 10 87 FI... Net. Nedrindn. 10 88 FI Ned. Midd. 8k. 10 85 FI Ned. Midd. 8k. 10 85 FI Ned. Midd. 8k. 10 85 FI Pierson 104 86 FI Asto Paris 131 87 FFr. Charb'nages 132 85 FFr CECA 142 86 FFr. Gaz de France 11 84 FFr US Redoute 142 85 FFr OKB 14 86 FFr Solvay at Cie 142 85 FFr Utd. Mex. Sta. 14 85 FFr Acona 14 85 E Beneficial 142 80 £ BNP 137, 91 £ CECA 132 88 £ Gaz dei France 11 84 FFF 150
LS Redoute 14/2 85 FFF 125
OKB 14 86 FFF 200
Solvay at CL 14/2 85 FFF 200
Crid. Mex. Sta. 14 85 FFF 150
Acona 14 85 £ 20
BNP 13/2 81 £ 20
BNP 13/2 81 £ 20
BNP 13/2 85 £ 20
BNP 13/2 85 £ 20
Gittcorp 0/S 13/2 90 £ 50
Fin. Exp. Cred. 13/2 85 £ 15
Fin. 1 or Ind. 14/2 88 £ 20
Gen. Elec. Co. 12/2 88 £ 50
Paugeot SA 14 90 £ 23
Royhs Child 14/2 90 £ 12
Royel Trustico 14 85 £ 12
Banobras B/2 90 KD 12
Akzo 9/2 87 LuxFr 500
Eurstom 9/2 87 LuxFr 500
FLOATING RATE

The Financial Times Ltd., 1981. Reproduction in whole consent. Date supplied by deteSTREAM International.

EUROBOND TURNO (nominal value in \$m)

	Cedel	clear
U.S. S bonds		
Last week	1,190.8	2,877.
Previous week	1,414.8	3,699.
Other bonds		
Last week	420.3	390.
Previous week	471.7	459.

* No information availableprevious day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Krediethank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; bourg, Kredietbank Luxembourg; Algemene Bank Nederland NV: Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Com-London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs Inter-Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover: Merrill Lynch: Morgan Stanley International; Nikko Securities Company (Europe); Orion Bank; Salomon Brothers International; Samuel Montagu and Co.: Scandinavian Bank: Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on April 10

This announcement appears as a maiter of record only.



Instituto Colombiano de Energía Eléctrica **US** \$100,000,000

The Impregilo - Estruco - Pinski - Gie Consortium for the Betania Hydroelectric Project

The Republic of Colombia

The Bank of Nova Scotia Group **Continental Illinois Limited**

Tokai Bank Nederland N.V.

Banco de Bogota (Nassau) Ltd.

Republic National Bank of Dallas Banque de la Société Financière Européenne SFE Group

Landesbank Rheinland-Pialz und Saar International S.A.

Limited (Nassau)

The Bank of Nova Scotia International

International S.A. The Royal Bank of Canada International

Limited (Nassau) Sumitomo International Finance AG

Morgan Grenfell & Co. Limited Banque NMB-Interunion International Mexican Bank Limited Banco Espírito Santo e Comercial de Lisboa

Morgan Grenfell & Co. Limited

The Royal Bank of Canada International

Tokai Bank Nederland N.V. Banque Belge Limited Internex International Bank Limited Banque de l'Indochine et de Suez Landesbank Rheinland-Pfalz und Saar

Irving Trust Company, New York



Medium Term Loan In support of a contract awarded to

Guaranteed by

Managed by

Banque Belge Limited

International Mexican Bank

PKB Investments Limited

Co-Managed by

Lavoro Bank Overseas N.V. Banque de l'Indochine et de Suez

Melion Bank, N.A.

Sumitomo Finance International

International Commercial Bank Limited

Provided by

Continental Illinois National Bank and Trust Company of Chicago Republic National Bank of Dallas Banco de Bogota (Nassau) Ltd. Lavoro Bank Overseas N.V. International Commercial Bank Limited Mellon Bank, N.A.

SFE Banking Corporation Limited

Banque Française du Commerce Extérieur Mitsui Trust Bank (Europe) S.A. PKB Investments Limited Grédit du Nord PSP & Company (U.K.) Limited Banco Totta & Acores

Agent Bank

Morgan Grenfell & Co. Limited

Ogem loss of Fl 118.5m runs above the forecast

BY CHARLES BATCHELOR IN AMSTERDAM

OGEM. the Dutch trading. Fl 47m. compared with a profit industrial and construction of Fl 16m in 1979. Interest sell assets worth Fl 400m. The group, reports a 1980 loss charges rose by Fl 25m to company reduced group overhead costs substantially last property in the profit interest charges rose by Fl 25m to company reduced group overhead costs substantially last property developments as well as a sharply important source of profit last through this year.

and it was more than four times Fl 14m. the 1979 deficit of Fl 24m. The for the second year minning. the deficit to incidental factors,

tion programme. company's ordinary operations showed a loss of of capital tied up in non-company.

Mediobanca

raises profits

By James Buxton in Rome

MEDIOBANCA, Italy's leading

merchant bank, has reported

on the 1979 half-year figure.

major company in Italy on capi-

manages new share issues, takeovers and other operations.

halances heavily run down on

Friday, which coupled with the

higher interest charges were to blame, the company said.

The 1980 net loss was Fl 118.5m (\$50m) compared with the forecast of a Fl 108m loss, and it was more than four times.

The Otra wholesale trading company will pay no dividend division and the plant installa-for the second year running. Ogem attributed FI 71m of divisions maintained their the deficit to incidental factors, results around the 1979 level. comprising a Fl 58m loss on The Ogem international trading property developments and an company booked a lower result additional FI 13m provision to because of the need for extra meet the cost of its reorganisa- provisions on its Far East

Ogem recently reached agreement with the government-owned National Investment Bank for up to Fl 75m worth of loans to strengthen its financial position. The company may initially draw on FI 50m, although an additional Fl 25m is available if necessary.

It is at present in the middle of a two-year reorganisation programme made necessary by its move into the red in 1979. Ogem has replaced its entire provisions on its Far East managing board, which was activities.

In 1980 Ogem freed FI 133m report commissioned by the

London quotation seeking Norsk Data lifts earnings

CURRENCIES, MONEY and GOLD

FINANCIAL markets seemed to following shortage, because of remains relatively firm without tenuous improvement in the be suffering from a bout of prethe uneven flow of tax. the support of high interest Polish situation, did little to

level.

GOLD

fairly liquid earlier in the week. lowest closing level for a year. European Governments to stimuthe present lethargy before the but also contributed to the Only the Japanese yen late economic growth. The long weekend

BY WILLIAM DULLFORCE IN OSLO

NORSK DATA, the Norwegian London Stock Exchange from profits up 19 per cent on the earnings to NKr 25.7m (\$4.75m) corresponding period of the previous year. Net profits were per cent to NKr 313m (\$58m). sales growth.

L378.5bn (\$358m) on revenue of The board proposes to raise L3725hn, which was up L133.3bn the shareholders' dividend from on the 1979 half-year figure. NKr 2.67 a share to NKr 4 It and an unchanged profit marmanagement of Sig. Enrico cuccio—is the merchant bank at NKr 40 a share, which towhich advises virtually every gether will raise the share ceive an offer to buy one share capital from NKr 22.7m to tal operations of all kinds, and NKr 68.1m.

meant the market was very short of funds. The civil servants' disording the number are keeping the dollar firm, but such helped to keep the market such as down to \$2.1690, the sixing little opportunity to

Long week-end lethargy

Easter boredom last week.
Conditions were generally comfortable in the Landon money

The banking figures, showing a rise of ? per cent in the midMarch money supply, were not

fortable in the London money greeted with much enthusiasm, market until Thursday afternoon except in the foreign exchange

when a late surge of tax money market, dashing hopes of an pushed the overnight interbank rate to 50 per cent and left bank balances heavily run down on

call on 12 per cent Treasury 1986 as part of its lending programme

THE POUND SPOT AND FORWARD

results for the six months to manufacturer of minicomputers, June. Over the last eight years, December, 1980 showing net reports a 68 per cent increase in Norsk Data has averaged a 55 per cent annual growth in earnfor 1980, while sales climbed 48 ings and a 45 per cent yearly

The targets for 1981 are a 40 per cent increase in turnover

in Tandberg A/S, the electronics concern, for each 10 shares held The fast-growing company in Norsk Data at a price of Generale. Swiss Bank Corp (will also seek a fisting on the NKr 3 a share.

rates at the moment, and since

disappointing figures are likely

to mean higher interest rates for

a longer period, the pound

\$2.2175 on Wednesday, before easing back just below the \$2.20

and news that the International The U.S. Administration holds the market showed considerable Monetary Fund is to use sterling the key to Europe's fate as far apprehension ahead of the U.S.

as interest rates are concerned.

improved, touching

Spending fall hits Au **Printemps**

By David White in Paris

THE DOWNTURN in French consumer spending took its toll on the Au Printemps stores group last year, ending a period of strong recovery in its net

Grop net earnings, which moved out of the red in 1978 and improved in 1979, fell back to FFr 67.5m (\$15.5m) from FFr 87m. This was partly because of a sharply higher tax charge—of FFr 74m instead of FFr 40.5m. Operating profits exceeded expectations, rising by 23 per cent to FFr 123.7m. The results include Au

Printemps' 40 per cent stake in the SOMATS menswear shopping chain, which it bought last year. The chain suffered a loss of FFr 3.6m.

The parent company showed a net profit of FFr 66.7m, down from FFr 83.2m in 1979, but is proposing to raise its net dividend from FFr 5 to FFr 6.

Omron Tateisi shares offer

By John Makinson

OMRON TATEISI Electronics of Japan is raising around \$35m through the issue of shares in the international market. It is offering 5m ordinary shares in the form of Bearer Depositary Receipts, priced at a discount to the ruling market price, lately

Y1,670, on April 16. The issue is managed by a syndicate led by Nikko Securities Company (Europe). Other managers are Hill Samuel, Berliner Handels-und Frankfurter Bank, Robert Fleming, Societe

help the D-mark, while the

appointment of a Prime Minister in Belgium committed to

in Belgium committed to defend the present value of the franc had only a temporary beneficial influence on the

Belgian currency.
Interest rates remain the most

important factor, and on Friday

money supply figures. But bar-

ring unforeseen circumstances

the foreign exchange and money

For the convenience of readers the dates when some of the For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus *) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

SHOWII IN THE COLUMN			•
Date	Annaunce- ment lest	Date *Marks &	Announce- year
*Assoc.			Final 1.9
BrscuitApr. 14	Fina! 2.44	Spencer. May 20	Finel 3.38
BAT IndsApr. 30	int. 6.D	Mothercare May 6	Final 5.23
*Bank of		Mowless (J.). May 1	
ScotlandApr. 14	Final 7.75	News:thillMay 1	Finel 6.0
*Barrow		*NEI	Final 25
HepburnApr. 15	Final 1.4	Nordir &	
Blue CircleApr. 23	Final 8.7	PeacockApr. 28	Final 2.1
Brixton Estate May 7	Final 1.4555	¶9a≀l .	
Brixton Estate Mey		AssuranceApr. 15	Final 12.0
*BurtonApr. 13.	Final 5.0	Pezrson	
*Burmeh OilApr. 15		LongmanApr. 22	Frnal 4.605
CostainMay 5	Final 5.0	Pearson (S.)Apr. 22	Final 6.25
*Croda IntlApr. 14	Finz! 1.6	P & OMay 7	Final 4 0
Currys	Final 5.3	Philips Lames Mey 9	Final Ft 1.20
*DebenhamsMay 29	Finel 4.324	FMC	Final 4.9
*Delta GrpApr. 22	Finai 4 18	*Rio	11141 4.4
*DunlopApr. 23	Final 2 65	Tieto-ZincApr. 14	Final 10.5
Foseco Minseo Apr. 28	Final 3.76	Rowntree	
Gerrard Net.		Mackintosh .Apr. 15	Final 4.75
DiscApr. 30	Final 6.5		Tilla: 4.73
*GiazoApr. 13	Int. 3.5	Rugby Portland	<u></u>
GI8X0	Final 5.46	Cement: Apr. 13	Final 2.5
Hail (M.)May 7	rillar gco	Sainsbury (J.) May 7	Fina! 7.25
Hammerson		SearsMay 7	Final 1.3
PropApr. 15	Final 12.0	Simon ErgApr. 28	Final 7.33
*Harris		*Smith IndsApr. 14	Int. 3.7
QueenswayApr. 22	Final 4.0	*Smith (W.H.)Apr. 21	Final 2.8
"Hawker		Smartitt .	
SiddeleyApr. 15	Final 50	(Jeff.)May 5	Final 6.438
Hapw'th (J,)Apr. 3	Int. 0.79	*TermecApr. 28	F:nat 8.75
*Hewden-		Tozer	:
StuartApr. 16	Final 0.95	KemsleyApr. 22	Final 3.18
*House of		Vaux Brews May 9	int. 2.212
FragerApr. 29	Final 4.0	*VickersApr. 23	
*KCA IntlApr. 7	Final 2.5	*V/impey (G.)Apr. 30	
· · · ·	2.0	thursel (g.)whi. go	
*Kwik Seve		* Board meeting intim:	ated. † Rigi
Discount May 1	Imt. 1.3	issue since made. ‡ Tax	
Laing (J.)May 6	Final 1.875		
LaportsApr. 23	Final 5.25	issue since made. 🤊 Fon	Casi,

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	pay-	Minimum	Life of bond
owsley (051-548 6555) dbridge (01-478 3020)		i-year i-year	1,000 200	Year 1-2 6

Public Works Loan Board rates

Effective from April 11

	Quota	içans	repaid at	Mov-dnots	loans	A repaid
Years	by EIP†	A‡	maturity§	by EIPt .	A‡	กาลชาบกรัชงุริ
Up to 5	127	127	13 <u>t</u>	13 <u>}</u>	13 }	13}
Over 5, up to 10	13 į	131	137	13 1	14	141
Over 10, up to 15	182	137	13	14{	141	141
Over 15. up to 25	13 į	13	13 }	141	145	141
Over 25	13}	131	13≹	14]	14}	14;

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). With half-yearly payment of interest only.

BASE LENDING RATES

A.B.N. Bank 12 % = Guinness Mahon 12 %

Allied Irish Bk 12 % Hambros Bank 12 %
American Express Rk. 12 % Heritable & Gen. Trust 12 %
Amro Bank
Henry Ansbacher 12 % C. Hoare & Co
AP Bank Ltd 12 % Hongkong & Shanghai 12 %
Arbuthnot Latham 12 % Keyser Ullmann 12 %
Associates Cap. Corp 12 % Knowsley & Co. Ltd 14 %
Banco de Bilbao 12 % Langris Trust Ltd 12 %
BCCI 12 % Lloyds Bank 12 %
Bank of Cyprus 12 % Malliphall Limited 12 % !
Bank of N.S.W 12 % Edward Manson & Co. 13 %
Banque Belge Ltd 12 % Midland Bank 12 %
Banque du Rhone et de Samuel Montagu 12 %
la Tamise S.A 1219; Morgan Grenfell 12 95
Barclays Bank 12 % National Westminster 12 %
Beneficial Trust Ltd 13 % Norwich General Trust 12 %
Bremar Holdings Ltd. 13 % P. S. Refson & Co 12 %
Brit Rank of Mid East 12 of Ryl. Bk. Canada (Ldn.) 12 % 1
Brown Shinley 1210. Slavenburg's Bank 12 %.
Canada Perm't Trust 13 % E. S. Schwab 13 %
Cayzer Ltd 12 og Standard Chartered 12 og 1
Cedar Holdings 12 of Trade Dev. Bank 12 %
Charterhouse Japhet 12 % Trustee Savings Bank 12 % Choulartons 12 % TCB Ltd
C. E. Coates
Consolidated Credits 12 m Whiteaway Laidlaw 124 %
Co-operative Bank 12 % Williams & Glyn's 12 %
Corinthian Secs 12 % Wintrust Secs. Ltd 12 %
The Cyprus Popular Bk. 12 % Yorkshire Bank 12 %
Duncan Lawrie 12 or Mambers of the Accepting Houses
Eagli ITUST 12 % F 7-day denoting 69 1 01 67
E. I. ITUST Limited 12 % Short term £4.000/12 months
First Nat. Fin. Corp 141% 11.85%.
First Nat. Sees. Ltd 1410 t 7-day deposits on sums of £10,000 Robert Fraser 12 oz and under 9%, up to £50,000 94%.
Altony Glos
Greyhound Guaranty 12 ch s Demand deposits 91.7%.
Grindlays Bank

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<u> </u>

April 10	\$prea d	Closs	Ope month	p. ə.	попин	p.a.]
U.S.	2,1790-2,1940	2.1815-2.1825	0.65-0.75c dis		2.00-2.10dis		
Canada	2.5800-2.5950	2,5860-2,5870	1.00-1.10c dis		3.15-3.30dis	-4.99	
Nething.	5.18-5.22	5.20-5.21 .	13 ₄ -3 ₄ c pm		24-15 pm	1.63	Close
Belgium	76.60-77.00	76.80-76.90	50-60c dis		100-115 dis	-5.60	Opening
Denmark	14.73-14.80	14.731-14.741-	12-32 ore dis		8¾-10½ dis	-2.61	Morning f
Ireland	1.2820-1.2305	1,2860-1,2875	0.26-0.39p dia		0.30-1.04dis	-3.02	Afternoon
W. Ger.	4,671-4.711-	4.691,-4.701	երք pm-5 dis		Is. is dis	-0.32	ł
Portugal	125,50-126,75	125.75-126.00	par-75¢ dis		40-205 dis	-3.89	l
Spain	189,75-190,75	190,10-190.30	60-95c dis		215-250 dis	- 4.89	Krugerrar
italy	2,329-2,342	2,330-2,332	112-134 hre dis		381-411 1/12	-6 91	1,2 Kugerr
Norway	11.91-11.96	11.91-11.92	1½pm-4ore dis		214-72 dis	0.52	1/4 Kruger
France	11.06-11.11	11.08-11.09	21 ₂ -31 ₂ c dis		21, 31 dis	-0.99	1/10 Kruge Mapieleaf
Swedon	10-17-10-23	10.171-10.183	30re dis ج-21		94,-10°, dis	-3.88	New Sove
Japan	4 6 6-474	469-470	2.25-1.95y pm		5.75-5.45 pm		King Sove
Austria	33.16-33.30	33.18-33.23	4gro pm-1 dis		9 pm-1 d _t s	0.48	Victoria S
Switz.	4.27-4.30	4.2814-4.2914	1¼-¼c pm	3.50	3% -3½ pm	3.38	French 20
		or convertible d dollar 4.10-	francs. Financia 4.30c dis, 12-mo		79 30-79,40 0-6.90c dis.		50 pesos i 100 Cor, A
							\$20 Eagle:

THE DOLLAR SPOT AND FORWARD

April 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UKI	2 1790-2.1940	2.2815-2.2825	0.65-0.75c dia		2.00-2.10dis	
frefandf	1.6905-1.7040	1.6975-1.6995	0.10-0.20c dis	- 1.06	0.30-0.40dis	-08
Canada	1.1332-1.1848	1.1343-1.1848	0.15-0.21c dis	1.88	0.45-0 50dis	-1.6
Nethind.	2.3745-2.3830	2.3785-2.3800	1 15-1,05c pm	5.55	3.14-3.04 pm	n 5.13
Belgium	35, 13-35, 25	35.22-35.24	10-20c dis	-5.11	10-25 d/s	-1.9
Denmark	6.7490-6.76B5	6.7670-6.7685	0.90-0.40ore pm	1.15	1 75-1 25 on	0.89
W. Ger.	2.1425-2.1550	2.1525-2.1535	0.64-0 58pt pm	3.40	1.76-1.70 pm	n 3.2
Portugal	57.60-57.80	57.60-57.75	15c pm-15 dis		30pm-40dia	~0.3
Spain	86.15-87.15	87 05-87 15	5-15c dis		10-25 dis	-0.80
italy	1.068-1,070	1,068-1.070	214-214 lire dis	-2.81	83.93 dis	-3.40
Norway	5,4520-5,4586	5.4570-5.4580	2.00-1.50ors pm	3.85	5,40-4.90 pm	n 3.77
France	5.0630-5.0740	5.0635-5.0665	1.25-1.15c pm		3.30-3.05 gr	
Sweden	4.6600-4.6650	4.6620-4.6630	0.05-0.20ore dis		0.30-0.50dia	
Japan	214.20-215.50	215.05-215.15	1.60-1.45y pm		4.35-4.20 pm	
Austha	15.15-15.24	75.19-15.19%	5.50-4.25nra om		18.50-13.002	
Switz	1.9530-1.9660	1.9635-1.9645	1.25 1.15c pm		4,35-4.20 pm	

t UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Gold Bullian (fine ounce) (£22434-22614) |\$497-500 (£2244-22614) |\$511-514 **Gold Coins** sold Cens sold Cens \$261₂-507₁₂ (£231₁₂-232₁) rrand, ... \$261₂-266₁₂ (£119₁₂-120) erand, ... \$133₂-134₁₂ (£61-61₁₂) errand ... \$56-57 (£251₂-26) \$14....... \$502-503 (£229₁₂-230) rereigns. \$123-124 (£561₄-563₄) ereigns. \$144-146 (£66-67) £0,5...... \$144-146 (£66-67) £0,5...... \$175-178 (£801₂-81) \$513-514 :\$2641₂-2651₂ :\$135-136 22354 2544 (£120;-121) (£611;-52; (£26262) (£2511;-252) (£564;-571;) (£67-68) (£783;-801;) (£288-2901;) (£288-2901;) | \$57-58 | \$508-509 | \$1243₄-1253₄ | \$147-149 | \$147-149 | \$173-176 | \$632-637 | 4495-500

the support of high interest Polish situation, did little to

100 Cor, Austria. \$20 Eagles		£219.2211 ₂) £2791 ₂ -262)		(22512-2274) (28414-28614)						
OTHER CURRENCIES										
April 9	£			£ Note Rates						
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FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 10)

6 months U.S. dollars

bid 157/8	offer 16	. bid 157/8	offer 16	at 11 am each working day. The panks are Tokyo, Deutsche Bank, Banque Nationale de
EURO-CUI	RRENCY I	NTEREST R	ATES (Market	closing Rates)

The fixing rates are the arithmetic means, rounded to the nearest one-six National Westminster Bank, Bank of de Peris and Morgen Gusranty Trust.

Short term	April 10	Sterling	U.S Dollar	Canadian Dollar	Dutch Guilder		West German Mark	French Franc	Italian Lira	Beigian Franc Convertible	Japanese Yen
	7 days' notice. Month Three months Six months	1178-1218 121g-1214 1216-121 2 1218-1214	153 ₈ .157 ₈ 153 ₄ -16 153 ₄ -16 157 ₈ -161 ₉	1610-1712 1714-1758 17-1758 1614-1658	9/-9/2 10-10/s 10-3-10/s 104-10/g	614-634 818-814 856-834 858-834	115g-1154 12;e-12;e 123g-1212 123g-121g	1214-1212 1258-1278 13-1314 1314-1312	175 ₄ .191 ₄ 18-19 184-191 ₄ 1854-1954	22-24 21-231 ₂ 171 ₂ -191 ₂ 171 ₂ -191 ₂	645-644 646-744 746-746 746-746

SDR linked deposits: one-month 12¹³, per cent; three-months 13-13¹, per cent; six-months 13-13¹, per cent; one-year 12¹, 13¹, per cent. ECU linked deposits: one-month 13-13¹, per cent; three-months 13-13¹, per cent; six-months 13-13¹, per cent; per cent; graph of the six of closing rates in Singapore); one-month 15¹³, 15¹³, per cent; three-months 15¹³, 15¹³, per cent; six-months 15¹³, 15¹³, per cent; per cent; per cent; six-months 15¹³, 15¹³, per cent; per cent; per cent; six-months 15¹³, 15¹³, per cent; one-year 15-15¹³, per cent; six-months 15¹³, per cent; one-year 1

LONDON MONEY RATES

3 months U.S. dollars

	Sterling Gertificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds		:Company	Discount Market Deposits	Treasury	Eligible Sank Bills &	Fine Trade Bills é
Overnight.,		5.1231	1134	<u> </u>		1214	6-12			
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WO YEARS		,	124			1	: =	1 = 1	_ 1	_

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12½ por cent; four years 13 per cent five years 13½ per cent. Each bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 11½-11½ per cent; four-months trade bills 12½ per

Approximate selling rate for one-month Treasury bills 11^{13}_{22} - 11^{7}_{15} per cent; two-months 11^{5}_{12} - 11^{7}_{15} per cent; two-months 11^{13}_{12} - 11^{13}_{12} per cent; two-months 11^{13}_{12} per cent; two-months 11^{13}_{12} per cent; three-months 11^{13}_{12} per cent; three-months 11^{13}_{12} per cent; two-months 12^{13}_{12} per cent and three-months Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for jump at seven days notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Tressury Bills: Avorage tender rates of discount 11.3492 per cent.

April 10 Bank Special European Currency Rights Unit

CURRENCY RATES

RECENT ISSUES

EQUITIES

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FIXED INTEREST STOCKS

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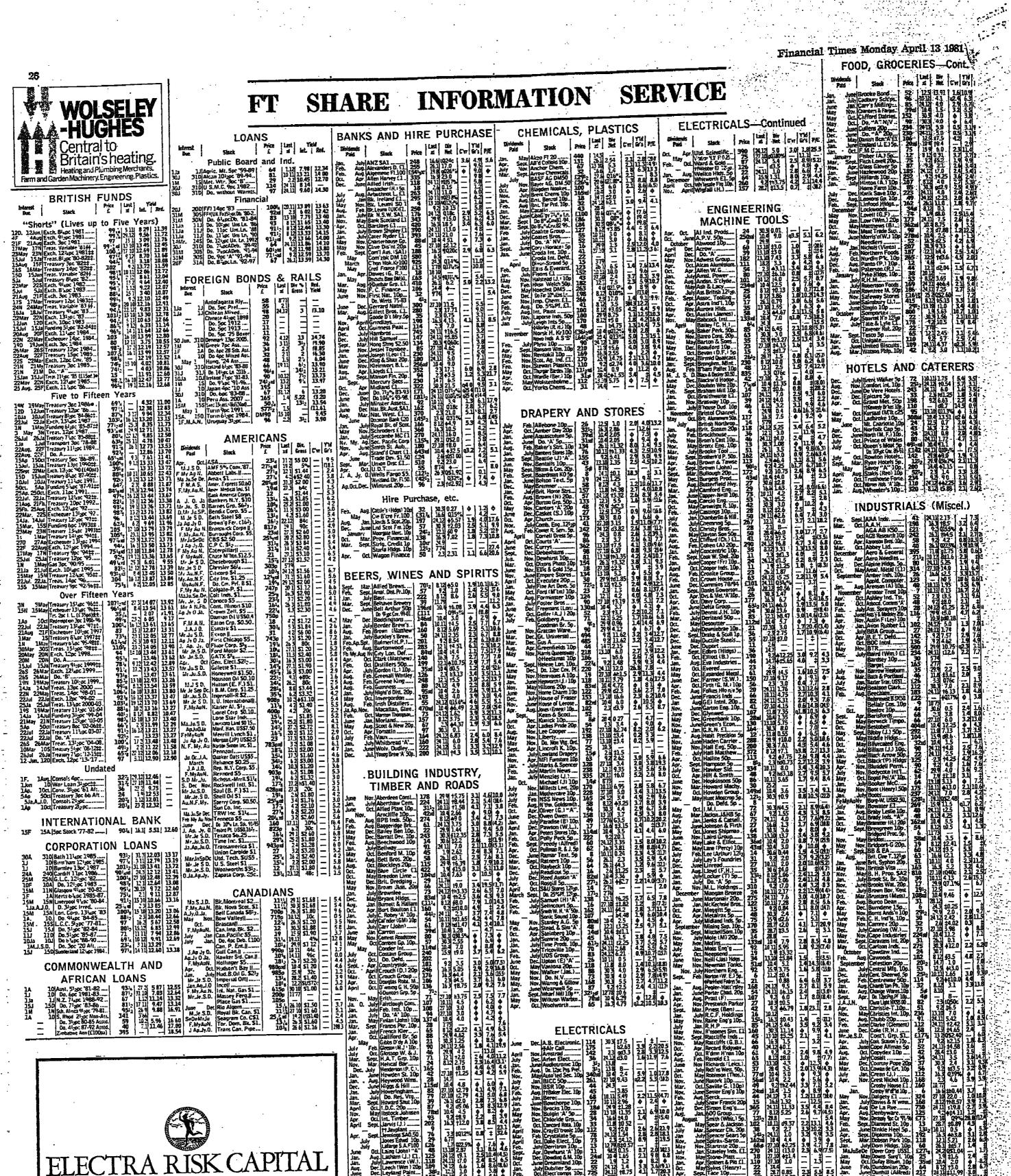
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FINANCIAL TIMES

Monday April 13 1981



East Germans attack Polish leaders

BY LESLIE COLITT IN BERLIN

came under strong attack in a majority in the Soviet Polit-East Germany yesterday for not against the Solidarity trade union movement.

Delegates at the East German Party congress here said it was ' high time " that " anti-socialist subversion" was dealt with. Mr. Mikhail Suslov, the Kremlin's chief ideologist, warned that all deviation from Communist theory resulted in "fatal consequences."

Reassuring Moscow, and possibly warning any liberals in his Still under pressure from one "will ever be allowed own country. Herr Erich demands by Solidarity, the question the socialist State." Honecker, leader of the East Polish Politburo is now The East German leader st German Party, said no one embroiled in a tense internal would ever be permitted to debate over Party reform. Rankquestion the Communist system and-file members have accused in East Germany.

Even though there is growing concern over recent pres- country without consulting the sure for reforms within the Polish Party, however, the Soviet Union is still considered unwilling to intervene with

more votes

IRA to seek

THE POLISH Communist Party contemplated last Novembet. buro felt the political price was too high.
"They are still hoping against

hope that the Polish comrades will do their work for them,"

Bearing the brunt of the attacks, Mr. Kazimierz Barcikowski, leader of the Polish delegation, admitted that "the present difficulties are putting the Party to a hard test." But he promised that Warsaw "lead the country out of crisis.

debate over Party reform. Rankthe ruling elite of misinforming the people and running the grass-roots members.

in a speech approved by the as soon as possible throughout Polithuro that East German the union, and has defended a One East European official workers were following the compromise agreement the said that while intervention was events in Poland with concern. union signed with the Govern-

why the Polish United Workers' [Communist] Party" and class - conscious Polish workers had failed to take vigorous measures against the

anti-socialist subversion." Earlier Herr Honecker said that all models for "renewed socialism" had always proved useless.

The "renewal" of socialism is a term used by the Polish Communist Party to describe its efforts at reform. Herr Honecker said of East Germany that no "will ever be allowed to The East German leader said that worsening of relations Washington between

between Bonn and East Berlin negatively. Christopher Bobinski writes from Warsaw: Mr. Lech Walesa, An East German congress leader of Solidarity, has said delegate from a steel plant said that elections must take place

Moscow would affect relations

Fellow members had fre- ment on March 30 as "the best quently asked him in recent possible for the country at the time."

His statement came in an open letter in reply to a letter from Mr. Andrzej Gwiazda, deputy head of Solidarity, who represents the radical wing, and has said that "the union abandoning democratic methods from the top to the

Solidarity has held elections at factory level, but regional leadership and national committee are still made up of people who emerged in the strike last summer.

Mr. Gwiazda says that Mr. Walesa and the group which hammered out the March 30 agreement had no right to suspend the general strike fixed for the following day.

Support for Mr. Walesa has come from the Cracow Roman Catholic weekly, Cygtygodnik Powszechny, a much respected paper published by a group of Catholic intellectuals who retain close links with Pope John Paul II.

Sharp prices index rise likely

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

By Elinor Goodman, THE IRA may try to build on its propaganda coup in last week's Fermanagh by-election creases works through.

by putting up more convicted terrorists in next month's local elections. This emerged yesterday amid signs that MPs at Westminster may find it difficult to agree immediately on how to respond to the election of Mr. Bobby Mr. Francis Pym, the leader

of the House, is to begin talks today with the other parties about how Parliament should react to Mr. Sands. Mr. Pym is likely to come under strong presure from Tory MPs to table an order expelling him as an undesirable member.

Sands.

The election of Mr. Sands, who is serving a 14-year sentence at the Maze prison for arms offences, was a major victory for the IRA, Yesterday, the IRA's political wing, Provisional Sinn Fein, indicated that if the prisoners' demand for special treatment was not met before the May local elections, it might field candidates.

Haughey defends economy Page 2

A SHARP rise in the retail by the Civil Service dispute.

prices index is likely to be announced this week as the initial for example, will not appear on impact of the Budget tax in-

City analysts' estimates of the likely change in the index in official economic statistics the month to mid-March range expected this week should between rises of 11 and 21 per cent. This could be slightly higher than the rise in March last year, so there may be a temporary hiccup in the steady deceleration of the 12-month rate—which was 12.5 per cent in mid-February.

The Budget tax changes are expected to add about 2 percent to the index. But only about half the impact will have been felt in March. The rest will probably come through in April though the effect could be partially offset by weak demand which may force retailers to limit price rises.

The index is to be published on Thursday, according to the Central Statistical Office's timetable, though the timing of the publication of figures produced by the Department of Employ-

But Mr. Albert McQuarrie, the MP for East Aberdeenshire

Chancellor yesterday, warning

Trevor Skeet MP for

Eight Tory MPs voted against

the Government on the increase

last month and more than 20

others abstained. Some of those

who abstained might well sup

port an amendment on derv at

Easter. -

Work expected to go on

THE Central Electricity Gene- general secretary of the Amal-rating Board believes the fourth gamated Union of Engineering

unit of the Isle of Grain power Workers (construction section), station will be built—even said last night he believed it

though construction workers would be difficult to persuade have refused to work alongside members to work with the

aged by progress at the station its contractors to begin laying over the past 12 months in off labour on the assumption

for Isle of Grain Unit 4

BY JOHN LLOYD, LABOUR CORRESPONDENT

committee stage after

This could result in an embar-

rassing defeat for the Govern-

However, the CEGB has told

that Unit 4 — which would employ 1,200 workers for two years—is not to begin. About 120 men have been given one

month's notice.

The average earnings index. Wednesday though the index of basis wage rates will appear as usual on the same day. Other

appear on time.

In the latest batch of stockbrokers'-circulars, Laing and Cruickshank question the usefulness of the medium-term financial strategy. "As a device to influence expectations all the fiscal part does is to tell us that the authorities will always plan for cuts tomorrow, but that the reality will be different. As a firm basis for policy, the plan has been blown away by the failure to compensate for last year's drift"

Laing and Cruickshank also argue that, despite assertions to the contrary, the Budget is highly deflationary and Gross reduces the risk of a significant Domestic Product will fall 21 upturn of inflation in 1982. It per cent this year. Public sector borrowing is also likely to over- will represent a sufficient imshoot by £2bu above the £101bu level forecast by the Treasury for 1981-82.

Stockbrokers James Capel ment has been made uncertain argue that some stimulus

through increased public sector capital investment is necessary in an autumn package to aid recovery and to produce a decline in public sector borrowing.

Narrowing

Merchant bankers Schroders argue in their spring economic perspective that "the political and economic options are nar-rowing and becoming more clearly differentated as a consequence of the Budget. The Chancellor will need to demonstrate that his policies are yielding dividends, in the form of lower inflation and increased industrial efficiency, or else they will be reversed.

We believe that demand in the economy is stabilising and will rise, albeit slowly, and that Budget substantially reduces the risk of a significant remains to be seen whether this provement in the economy for the Government to be able to contain the political pressures for a change of direction.

Post-Budget slump, Page 4

Rebel Tory MPs press for fuel duty concessions

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE TORY MPs who rebelled the petrol increase when it is last month in the vote on the put to a vote after Easter seem. Budget are to step up their to have backed down. pressure on the Chancellor in the belief that he may yet be prepared to make some concession on the 20p increase in the duty on diesel fuel.

Despite Sir Geoffrey Howe's insistence last week that he had no alternative but to raise both petrol and dery duties. some Conservative MPs who voted against the petrol increase after the Budget debate believe that, if they can keep agree to cut back the derv in-

The message from Treasury, however, is that if the Government is unable to get the extra money it needs from the dery increase, it will have to raise other taxes. Efforts are being made to bring home to the rebellious MPs just how unpopular the alternatives would

A few Conservative MPs who ment just before the local were talking about rebelling on election in May.

The CEGB has been encour-

which productivity has improved

dramatically.

The station's Unit 1 is almost

complete, slightly ahead of schedule, and Unit 3 is expected

to be finished this year. Unit 2

tion workers to work alongside the "scabs"—expressed at a

mass meeting 10 days ago—is seen as the only part of the TUC plan that has not fallen into

The CEGB believes that once

the workers see their refusal to

allow the "scabs" to return to

their traditional trades on

Unit 4 will cost 1.200 jobs, they

However, Mr. John Baldwin.

will change their view.

The refusal of the construc-

was built first.

Continued from Page 1

Airports threat

taking industrial action themselves against a 7-10 per cent pay offer from the union. More than 100 staff staged a

who was one of the leaders of half-day strike on Friday in suplast month's revolt, wrote to the port of their 19 per cent claim - the same level as the claim him that unless the Government originally drawn up by the campaign the union is mounting changed its mind about the in- union for its 105,000 Civil Ser- and have no wish to disrupt it. crease, he would table amend-vice members — and picketed ments shortly after today's the union's London headvice members — and picketed. They say they are loyal to the the union's London head-union, but that many staff second reading of the Finance quarters.

Mr. Trevor Skeet. MP for Association of Professional, Bedford, said he would put down two alternative amendments — one halving both the if necessary, including a one-day petrol and derv duty increases, strike before the next meeting and one halving just the derv in two weeks time of the union's executive committee. The action is likely to cause severe embarrassment not only within the society but also to

Government's 7 per cent pay time when they are taking offer to the Civil Service, are strike action against the Government over a broadly similar offer

Society staff say they were reluctant to take the action, which they hope will be short and sharp, because they are firmly committed to the pay members have been working The staff, members of the particularly hard because of the

five-week-old campaign.
The union's honorary officers. including the chairman and vice-chairman, replied to the staff claim when it was tabled in February with a 7 per cent offer as an interim increase until the Civil Service dispute is settled. The executive rejected the claim with only other Civil Service unions at a three votes in favour of it.

Continued from Page 1

Brixton trouble

Friday night when police went to the assistance of a black youth who had been stabbed in the back. They were sur-rounded by a large group of youths which resulted in eight

arrests.
According to the police, community leaders had re-assured them on Friday night that there would be no fur-ther trouble but police increased presence on streets and had a number of reserves nearby on Saturday. The riot on Saturday began

at 5.0 0pm when a police sergeant trying to arrest a youth was hit by a brick. Shortly after, several hundred youths appeared on the street and bricks and bottles were thrown. The first petrol bomb was thrown at

about 6.30 pm. Several harri-cades were made with cars, The CEGB's optimism that work will continue is based on and police cars and a fire the fulfilment of most of the engine were burnt.
According to the police a plan for continued working at the site, thrashed out among group of white people were seen early on taking photo-graphs but were not Press. The police also think that the speed with which petrol itself, the site's unions and the

This involves the 54 "scab" insulation engineers or laggers bombs and sharpened metal spikes were produced indi-cated it was not spontaneous. on Unit 1 being redeployed to Unit 4. At the same time, the board will re-employ the General and Municipal Workers Union laggers on Unit 3 and recognise the GMWU's tradi-Yesterday Mr. Wilford Hobson, assistant commis-sioner, told a Press contional right to organise lagging. ference: "We have a duty to

maintain law and order. There is no question of there being a 'no-go' area any-where in the Metropolitan police district." Most of Brixton and surrounding areas were sealed

off to cars all yesterday. Mr. John Fraser, MP for the riot area, Lambeth Nor-wood, yesterday called for a full public inquiry. "It is the most disgraceful scene I have seen in peacetime. This major eruption must be the subject of a full public inquiry."

Earlier this year a committee of inquiry set up by Lambeth council under the chairmanship of David Turner-Samuels QC expres-sed-considerable concern at the relationships between and community. police There is a great mistrust of British justice. The com-munity may not survive this

kind of policing. The police did not give evidence to the Lambeth inquiry which lasted 18 months.

A total of 110 youths were arrested on Saturday of whom 45 remained in custody and will appear at magistrates courts in Camberwell Green and Horseferry Road today. remainder have bail

Advisers criticise Treasury forecasts

By Peter Riddell, Economics

THE GOVERNMENT'S economic strategy and forecasts have been strongly criticised by the specialist advisers to the all-party Treasury and Civil Service Committee of the House of Commons.

The detailed memoranda prepared by the advisers as part of the Budget inquiry have now become publicly available. They are in sym-pathy with the sceptical approach to the Government's strategy adopted by the committee itself in its report published last Wednesday.

In particular, the advisers argue that the Budget will have a contractionary effect on the economy, that the pros-Decis for recovery are poor. and that the Government is wrong to want to cut public sector borrowing at present. All the advisers concerned —Mr. Terry Ward of the

Department of Applied Economics at Cambridge University, Mr. Brian Henry of the National Institute of Economic and Social Research. and Mr. Paul Ormerod of the Economist Intelligence Unitare neo-Keynesians and critical of the Government's approach to "monetarism."

The only specialist adviser who was broadly in sympathy with the medium-term financial strategy (Dr. Alan Budd of the London Business School), resigned before the Budget. But he has submitted a memorandum which is more optimistic about output than the remaining special advisers.

In detail, Mr. Ward points out that post-Budget projec-tion on the Cambridge Economic Policy Group's model of the economy points to a 3} per cept fall in Gross Domestic Product in 1981, and unemployment close to 3m by the end of the year.

The Budget tax increases will reduce output by around 1 per cent in 1981 and by 2 per cent in 1982. "There is little chance of an upturn this year or even nextindeed, output on present olicy is projected declining for some years, albeit very slowly."

The effect of the Budget according to the National Institute model is to postpone any sign of an end to the downturn until the begin-ning of 1983. This compares with the Treasury view that an upturn should have started by later this year.

Weather

UK TODAY

An anticyclone will become established over Northern Britain. Most districts will be dry with some sunshine. London, S. England, Midlands, Channel Is., S. Wales

Dry, ground frost in places, sunny intervals. Max 13C

N.E. England, E. Anglia Mainly dry, cloudy at times. Max. 12C (54F). V. England, Isle of Man,

Frost at first, mainly dry intervals. Max. 10C sunny

cotland, N. Ireland Mainly dry, frosty start, sunny periods. Max. 12C (54F). Outlook: Mostly dry with some sunshine. Cloudy with drizzle in some eastern areas. Over-night frost.

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THE LEX COLUMN

Deciding where to draw the line

relatively painless chance to cut tradition. their dividends this year, and many of them are taking it. Less conspicuously, many are also using the opportunity to write off a lot of overvalued assets—an operation generally referred to as "reorganisation and restructuring." In addition to the heavy redundancy costs being incurred, this process is throwing up some hefty excep-tional and extraordinary debits. In its present euphoric mood. the stock market is not being too critical about what goes above the tax line, and what

below. This is partly the fault of the rules: SSAP 6 says only the discontinuance of a significant part of the business should be charged below the line as extraordinary, and although charges relating to continuing activities should definitely be charged against pre-tax profits, the distinction in practice has become very blurred. Auditors do not seem keen to go to the stake over a disagreement as to where some little write-off should appear in the profit and

loss account. This year, though, the writeoffs have been anything but little GKN charged £26m above the line and £50m below, for example. But its fastidious approach has become quite rare: many companies are looking no further than the "extraordinary items " line.

United Biscuits charged £20.3m below the line for 1980, made up of a rag-bag of items, some unspecified — what are users of the accounts supposed to make of a £5.8m net debit designated "other"? Another large chunk represents a writedown of fixed assets surplus to requirements in the biscuit business, which is a continuing activity if ever there was one.

Even the cost of a Europond issue is treated as extraordinary.

One great advantage of charg-

ing such costs below the line is that they can be shown net of tax relief - amounting in UB's case to £9.6m. If UB had masochistically charged the whole lot to tracing profits it. £47.8m.

sented in this way, it is difficult overtax profits rise from to believe they would have £10.73m to £13.73m for 1980 is been so enthusiastically received affected by major special tems by the equity market. In confidence with the apparent interest, Much of the apparent interest. Box took £9.4m of provement reflects loss eliminatives. redundancy costs on the chin with its interim figures, and announced pre-tax profits of £10.5m rather than £19.9m. This is the number the market looks at, and it is also a number that could be waved at the work force, if necessary. force, if necessary.

The most confusing cases occur when the profit and loss account item is the sum of large positive and negative items. Thus Imperial Group showed an £11.6m extraordinary-credit for 1980, a figure made up of £50m of credits and £38m of debits, all net of tax. The credits all belong firmly below the line, but some of linps' re-organisation and closure costs (those relating to the food division, for instance) are controversially placed. Imps' boasted current cost cover for its divi-dend depends on the decision to banish these costs below the

During a bull market, inveswhat is really happening to which will be spent in the business this year. No wonder stagnate. Still, Laird's strong brokers are confidently forecasting higher profits in 1981-82. earnings (of 13p a share) are

British companies have a most conservative accounting tauter and leaver, as business clatively painless chance to cut tradition.

One great advantage of charge ten off lots and lots of this year's costs against last year's dreamful figures.

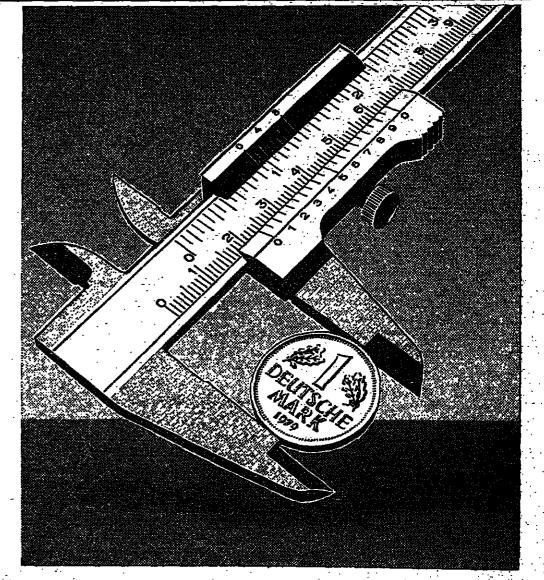
Land Group

-Laird Group just happens to whole lot to trading profits it be publishing its figures this would have shown a pre-tax morning and it does not appear figure of £17.9m instead of here as at instance of extra-47.8m. ordinary itemission. All the Had the figures been pre- same, it is clear that the stated

redundancy costs on the chin tion from the churdown of Further closures in 1980 have

ducluded Ship Repairing and there are new below the line extraordinary charges of £5.4m. Among the continuing ausinesses, transport engineering is still showing growth (although there is some worry over how Metro-Cammell will fill the gap after the completion of the Hong Kong contract in 1983) and some of the specialised engineering companies have also picked up good orders. But the operations connected with the motor industry have struggled and the newlyacquired New York Twist Brill has lost volume in the U.S.

In the second half of 1980 tors are not going to look hard. Laird was making profits at an at balance sheet net worth, annual rate of over £15m prestripped of revaluations, to see tax and it seems reasonable to expect it can hold that kind of earnings. They may instead be level in the full year 1981. But taking the view that many of the yield at 138p is under 4 per the reorganisation costs now cent and after the dilution appearing in accounts are in associated with the share fact provisions covering money placing to help finance the placing to help finance the NYTO purchase, earnings may All this, of course, is agreed brokers are confidently forecast cash flow and solid current cost with Deloittes and Arthur ing higher profits in 1981-82. earnings (of 13p a share) are Young, but it is hardly in the British industry is not just rare in the engineering sector.



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